UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WS-22 August 25, 1938.

THE WHEAT SITUATION
- Including Rye and Flaxseed -

(Summer Outlook Issue)

Summary

Farmers are now making plans for the seeding of winter wheat and rye to be harvested in 1939. This issue of The Wheat Situation, therefore, has been prepared with particular reference to the outlook for wheat and rye crops to be seeded this fall. Attention is also given, however, to the current domestic and world wheat situation.

Summary of wheat and rye outlook for 1939

World wheat prices for the 1939-40 marketing year will remain low relative to recent years, says the Bureau of Agricultural Economics, unless there is a material reduction in acreage or a considerable improvement in world economic conditions and in the world price level. United States wheat prices probably will average somewhat above world levels if domestic production is reduced more nearly in line with domestic disappearance or if a loan is in effect covering the 1939-40 marketing season.

The acreage allotted for seeding the 1939 wheat crop under the Agricultural Adjustment Act of 1938 is 55 million acres. This compares with the 1928-32 average seedings of 67 million acres, and 81 million acres seeded for the 1938 crop. The extent of the participation by farmers in the acreage adjustment program is uncertain. If total wheat seedings are reduced to 55 million acres, and average yields per seeded acre are obtained, production would amount to about 660 million bushels. This would be less than the average domestic disappearance of about 680 million bushels, and would provide an opportunity to bring about a reduction in

carry-over during the next marketing year. If two-thirds to one-half of the 1939 acreage is seeded by growers who keep within their acreage allotment, seeded acreage would be expected to be 60 to 65 million acres. Average yields on such acreages would result in a production 40 to 100 million bushels more than average domestic disappearance.

If the wheat growers in the United States should reduce their acreage to about the 60-million acre level, and this reduction was not offset by increases in other countries, such a reduction would reduce world acreage* so that production,* on the average, would about equal the world's annual wheat disappearance*.

With rye prices only little more than half of what they were in 1937 and feed supplies ample, growers will probably reduce their rye acreage from that of this year, when it is estimated that 3,914,000 acres were harvested. For the 5 years, 1928-32, the harvested acreage averaged 3,315,000 acres. It is not probable however, that the acreage next year will decline to this average. An average acreage with average yields would produce a crop of about 40 million bushels which would take care of domestic disappearance. If the acreage is larger than average and yields per acre are average, the excess of supply over disappearance would be expected to be increased, unless price and supplies of rye relative to other feed grains induced increased feeding.

Summary of outlook for wheat harvested in 1938

Prospective world wheat supplies* for the year beginning July 1, 1938, are now indicated to be about 495 million bushels more than a year ago. World stocks of old wheat* on about July 1 have been estimated at about 620 million bushels, or about 75 million bushels more than a year earlier. Estimated world wheat production* is now estimated at around 4,255 million bushels, which is 420 million bushels more than the crop of last year. The crop in the Northern Hemisphere* is

* All references to world and Northern Hemisphere supplies, production and disappearance exclude Soviet Russia and China unless otherwise stated.

indicated to be about 3,786 million bushels, or 395 million bushels more than last year. On the basis of weather conditions to date, a production of 250 million bushels is indicated for Argentina and 150 million bushels for Australia, which together represent an increase of about 25 million bushels compared with last year.

World trade in wheat and flour in 1938-39 is now expected to be 25 to 50 million bushels larger than last year. However, with larger crops in prospect this year in European exporting countries, Canada and Argentina, wheat from the United States will meet greater competition in foreign markets and exports will be less than in 1937-38 unless the Federal Government takes steps to stimulate exports.

If there is not much change in demand, the large wheat supply in prospect this year will result in lower world prices than were received in 1937-38. With supplies in the United States large, domestic prices are expected to continue below prices at Liverpool. Domestic prices are now materially below the loan level and there will be a strong tendency for farmers to take advantage of the loan, which would continue to restrict market receipts and give support to prices. On the other hand, with large supplies and a not very favorable export situation, any price advances which might occur probably will be limited.

Summary of the rye and flaxseed situations

Rye supplies in 1938-39, estimated at 62 million bushels, are 10 million bushels or more in excess of usual domestic disappearance. These supplies may result in a large carry-over at the beginning of the 1939 crop year because export prospects are less favorable than last year and there are ample supplies of feed grains on hand.

The total domestic utilization of flaxseed in 1938-39 may again be made up of more than one-half foreign flaxseed. On the basis of present yield figures and prices of flaxseed and wheat, it appears that farmers will receive considerably larger returns this year per acre of flaxseed than per acre of wheat. While flaxseed prices during the next few months will probably be slightly below the general level of prices a year ago, they are expected to continue well above prices during the years 1930-35.

WHEAT: SOURCES OF U. S. SUPPLY, 1923-38

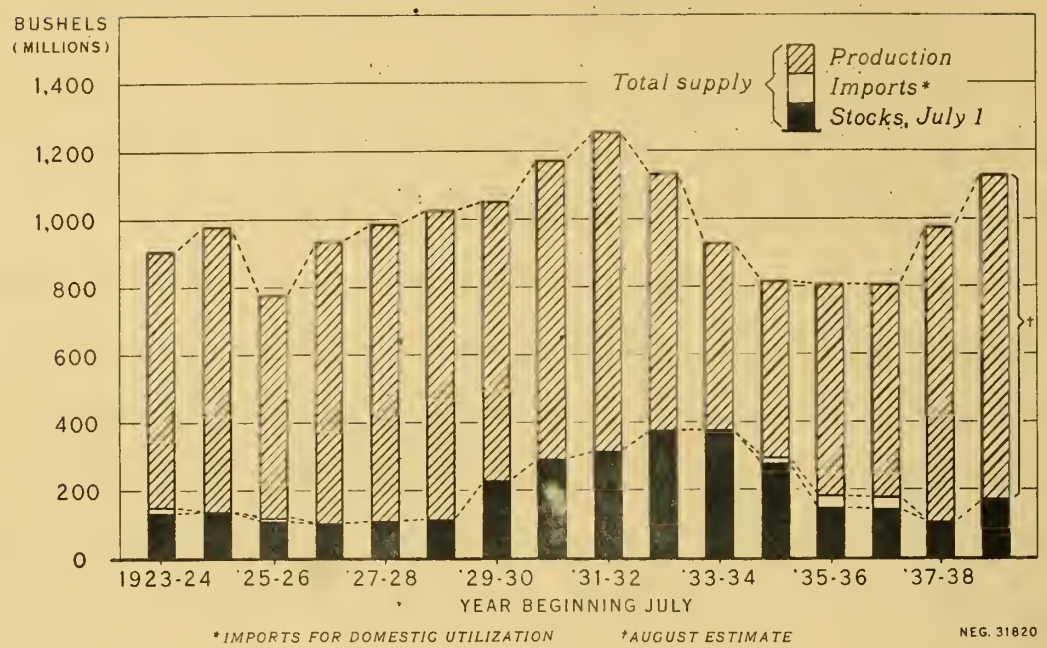


Figure 1

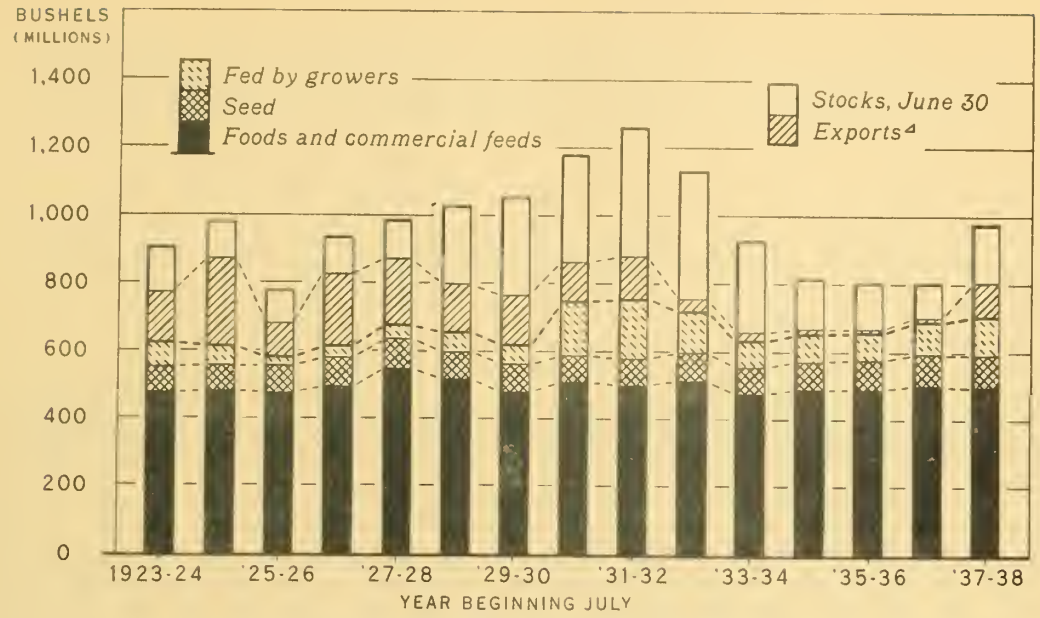
United States wheat production in 1937 and 1938 was again large following 4 years of small production, which reduced the record carry-over stocks accumulated from 1929 to 1933. Imports, representing an average of 3½ percent of total supplies, were necessary in 3 of these 4 years to make up shortages in hard red spring and durum supplies.

Wheat: Supply, distribution, and disappearance in continental United States, 1923-38

Crop year beginning July	Supply							
	Stocks July 1							
	On farms	In country elevators and mills	Commercial stocks 1/	In merchant mills and elevators and stored for others 2/	Total	New crop	Imports (flour included) 3/	Total supply
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
With new wheat in commercial and merchant mill stocks								
1923	35,239	37,117	28,956	31,000	132,312	759,482	14,578	906,372
1924	29,349	36,626	38,112	33,000	137,087	841,617	304	979,008
1925	28,638	25,287	28,900	25,576	108,401	668,700	1,747	778,848
1926	27,071	29,501	16,148	27,505	100,225	832,213	77	932,515
1927	26,640	21,776	21,052	40,038	109,506	875,059	188	984,753
1928	19,588	19,277	38,587	34,920	112,372	914,373	91	1,026,836
1929	45,106	41,546	90,442	51,279	228,373	823,217	53	1,051,643
1930	60,216	60,166	109,327	59,170	288,879	886,470	354	1,175,703
1931	37,867	30,252	203,967	41,202	313,288	941,674	7	1,254,969
1932	93,769	41,585	168,405	71,714	375,473	756,927	10	1,132,410
1933	82,882	64,296	123,712	107,052	377,942	551,683	153	929,778
1934	62,516	48,150	80,548	83,114	274,328	526,393	4/15,569	816,290
1935	44,639	31,729	21,951	49,524	147,543	626,344	34,617	808,504
1936	43,988	22,296	25,202	50,590	142,076	626,766	34,441	803,283
1937	21,851	11,942	16,197	52,899	102,889	873,993	648	977,530
1938	59,258	31,833	28,333	54,214	173,638	5/955,989	---	1,129,627
With only old wheat in all stocks positions								
1937	21,851	11,942	9,022	40,399	83,214	873,993	648	957,855
1938	59,258	31,833	22,190	6/ 40,791	154,072	5/955,989	---	1,110,061

1/ 1923 to 1926 Bradstreets, excluding country elevator stocks.
2/ Stocks in merchant mills and elevators - 1923 and 1924 estimated in absence of actual figures: 1925 to 1938, Bureau of Census figures raised to represent all merchant mills. Stored for others - 1923 to 1929 estimated in absence of actual figures; 1930 to 1938, Bureau of Census figures raised to represent all merchant mills.
3/ From reports of Foreign and Domestic Commerce of the United States. Imports include full-duty wheat, wheat paying a duty of 10 percent ad valorem, and flour in terms of wheat; and exclude flour free for export as follows: 42,742 bushels in 1935-36; 14,363 bushels in 1936-37; and 93,737 bushels in 1937-38.
4/ Includes durum wheat returned from Montreal estimated at 1,500,000 bushels.
5/ Indicated August 1, 1938.
6/ For 1937 excludes new wheat estimated at 12,500,000 bushels; for 1938 excludes 13,423,000 bushels reported as new wheat by Bureau of Census.

WHEAT: DISTRIBUTION OF U. S. SUPPLY, 1923-37



U S DEPARTMENT OF AGRICULTURE — Figure 2 — NEG. 31821 — BUREAU OF AGRICULTURAL ECONOMICS

The large production in 1937 again increased carry-over stocks on July 1, 1938 to above average for the years before record stocks accumulated from 1929-33. Exports of about 100 million bushels were possible in 1937-38 because of small crops in Canada and Argentina. The quantity of wheat fed largely accounts for the variations in total annual domestic disappearance.

Wheat: Supply, distribution, and disappearance in continental United States, 1923-37

Year beginning July	Distribution: Exports and shipments 1/				Disappearance				Stocks June 30 4/
	Exports (wheat only)	Exports flour as wheat	Shipments (flour included) 2/	Total	Seed	Feed (fed on farms of wheat : growers)	Foods and commercial feeds 3/	Total	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
With new wheat in commercial and merchant mill stocks									
1923	78,793	67,213	2,973	148,979	74,111	69,670	476,525	620,306	137,087
1924	195,490	59,478	2,871	257,839	79,895	55,727	477,146	612,768	108,401
1925	63,189	31,428	2,741	97,358	78,828	28,214	474,223	581,265	100,225
1926	156,250	49,761	3,082	209,093	83,264	34,261	496,391	613,916	109,506
1927	145,999	45,228	2,692	193,919	89,864	44,507	544,091	678,462	112,372
1928	103,114	38,106	3,172	144,392	83,663	56,566	513,842	654,071	228,373
1929	92,175	48,179	2,983	143,337	83,353	58,769	477,305	619,427	288,879
1930	76,365	36,063	2,850	115,278	80,886	157,188	509,063	747,137	313,288
1931	96,521	26,376	2,757	125,654	80,049	173,991	499,802	753,842	375,473
1932	20,887	10,979	3,023	34,389	83,513	124,912	511,154	719,579	377,942
1933	18,800	6,798	2,779	28,377	77,832	72,261	476,980	627,073	274,328
1934	3,019	7,512	2,783	13,314	82,220	83,700	489,513	655,433	147,543
1935	311	3,896	2,908	7,115	87,555	83,168	488,590	659,313	142,076
1936	3,168	6,099	3,009	12,276	96,872	93,282	497,964	688,118	102,889
1937	81,264	16,350	3,321	100,935	96,049	110,257	496,651	702,957	173,638
With only old wheat in all stocks positions									
1937	81,264	16,350	3,321	100,935	96,049	110,257	496,542	702,848	154,072

1/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat; 1923-35 estimated on basis of total exports less wheat imported for milling in bond and export adjusted for changes in carry-over; beginning 1935 figures for exports of flour wholly from United States wheat.

2/ Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands (Virgin Islands prior to December 31, 1934 included with domestic exports).

3/ Balancing item.

4/ For individual items see supply section.

ALL WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, UNITED STATES, 1919-38

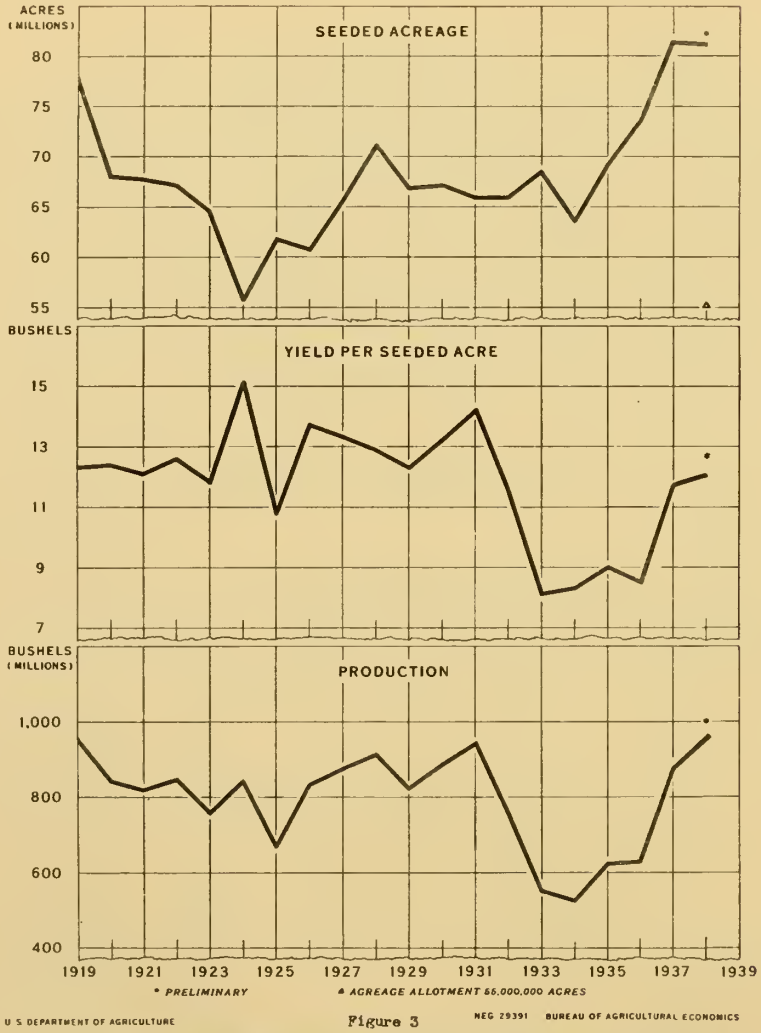


Figure 3

The wheat acreages seeded for harvest in 1937 and 1938 were the largest on record. Production in 1933-36 was greatly reduced as the result of small yields per acre caused by drought and rust. Yields per seeded acre have been below average since 1931.

All Wheat: Acreage seeded, yield per acre, and production, United States, 1919-38

Year	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	77,440	12.3	952,097
1920	67,977	12.4	843,277
1921	67,681	12.1	818,964
1922	67,163	12.6	846,649
1923	64,510	11.8	759,482
1924	55,706	15.1	841,617
1925	61,738	10.8	668,700
1926	60,712	13.7	832,213
1927	65,661	13.3	875,059
1928	71,152	12.9	914,373
1929	66,840	12.3	823,217
1930	67,150	13.2	886,470
1931	65,998	14.2	941,674
1932	65,913	11.5	756,927
1933	68,485	8.1	551,683
1934	63,562	8.3	526,393
1935	69,207	9.1	626,344
1936	73,724	8.5	626,766
1937	81,362	10.7	873,993
1938 1/	81,088	11.8	955,989

1/ Preliminary.

WINTER WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, UNITED STATES, 1919-38

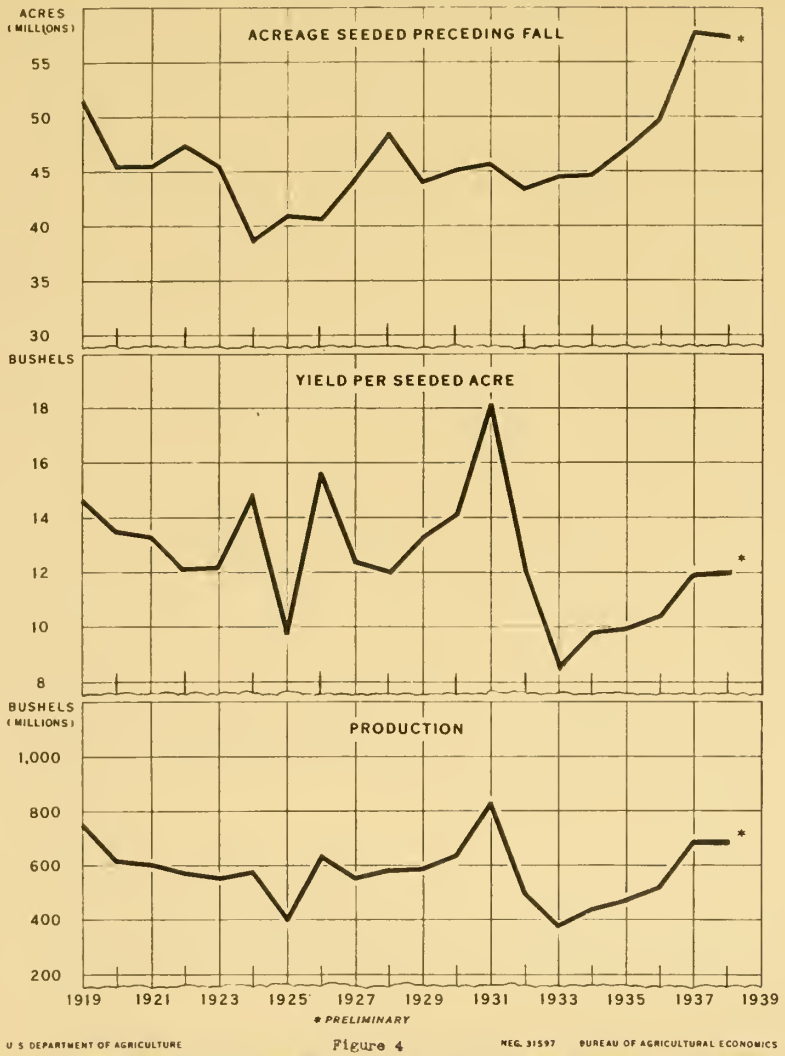


Figure 4

There was little change in winter wheat acreage seeded for harvest in the years 1929-34. Seedings for the 1936 crop, however, were increased, and those for the 1937 and 1938 harvests were the largest in history.

Winter Wheat: Acreage seeded, yield per acre, and production, United States, 1919-38

Year of harvest	Acreage seeded	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	51,391	14.6	748,460
1920	45,505	13.5	613,227
1921	45,479	13.3	602,793
1922	47,415	12.1	571,459
1923	45,408	12.2	555,299
1924	38,638	14.8	573,563
1925	40,922	9.8	400,619
1926	40,604	15.6	631,607
1927	44,134	12.4	548,188
1928	48,431	12.0	579,066
1929	43,967	13.3	586,239
1930	45,032	14.1	633,605
1931	45,647	18.1	825,396
1932	43,371	12.0	491,795
1933	44,445	8.5	376,518
1934	44,585	9.8	437,963
1935	47,084	9.9	465,319
1936	49,765	10.4	519,874
1937	57,612	11.3	685,102
1938 1/	57,316	12.0	688,458

1/ Preliminary.

WHEAT: STOCKS IN MAJOR EXPORTING COUNTRIES AND AFLOAT, AS OF JULY 1, 1922-38

Figure 5

After reaching record size in 1933, stocks of wheat in major exporting countries and afloat by 1937 had been reduced to about the level which existed from 1922 to 1927. This reduction was largely the result of small world crops. The large stocks which accumulated from 1929 to 1933 were partly the result of increased production, but they also resulted from measures which importing countries took to reduce their wheat imports, and the effect on demand of the world-wide depression. Stocks were again increased in 1938. With world production in 1938 greatly in excess of usual world disappearance, stocks in 1939 are expected to be substantially larger than in 1938.

Wheat: Stocks in major exporting countries and afloat, as of about July 1, 1922-38

Year	United States grain 1/	Canadian grain 2/	Argentina	Australia	United Kingdom 3/	Total
	Million bush.	Million bush.	Million bush.	Million bush.	Million bush.	Million bush.
1922	110	48	82	29	61	330
1923	134	44	67	41	56	342
1924	137	67	79	39	62	384
1925	111	48	73	40	51	323
1926	101	63	85	28	53	330
1927	111	67	89	46	59	372
1928	115	128	107	43	61	454
1929	232	152	155	47	61	647
1930	294	154	70	57	44	619
1931	328	158	94	77	56	713
1932	391	181	73	58	56	739
1933	382	238	98	70	44	832
1934	274	222	143	101	48	788
1935	148	226	105	67	38	584
1936	142	155	72	52	37	458
1937	103(83)	52	59	53	45	312
1938	174(155)	35	75	60	49	393

Compiled as follows: United States - Stocks on farms, in country mills and elevators, commercial, in merchant mills and elevators, and stored for others by merchant mills.
Canada - 1922 - 1923, carry-over August 31, plus net exports and estimated retention of flour during July and August. 1924 to date, carry-over July 31, plus net exports and estimated retention of flour for July.
Argentina - Carry-over on December 31, plus exports and estimated domestic consumption, July 1 to December 31.
Australia - 1922 - 1924, exports only plus estimated domestic consumption, July 1 to December 31. 1925 to date, carry-over on December 1, plus net exports and estimated domestic consumption, July 1 to November 30.
1/ Includes United States wheat in Canada. 2/ Includes Canadian wheat in United States. 3/ Includes stocks in United Kingdom ports, supplies afloat to United Kingdom, Continent, and for orders.

WHEAT: ESTIMATED ACREAGE, YIELD, AND PRODUCTION, WORLD
(EXCLUDING SOVIET RUSSIA AND CHINA), 1923-37

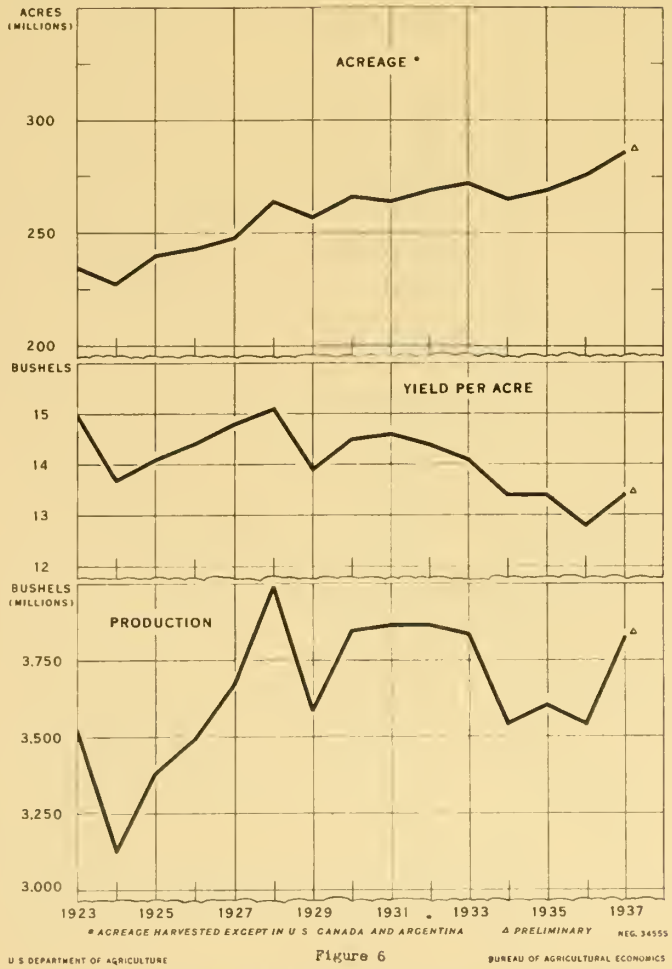


Figure 6

World wheat acreage has been steadily increasing over a period of years while yields per acre have been declining. Average yields on the present level of acreage would result in production in excess of average annual world disappearance. Yields per acre in 1938 are above average and the carry-over will accordingly be increased.

Wheat: Estimated acreage, yield and production, world (excluding Soviet Russia and China 1923-37

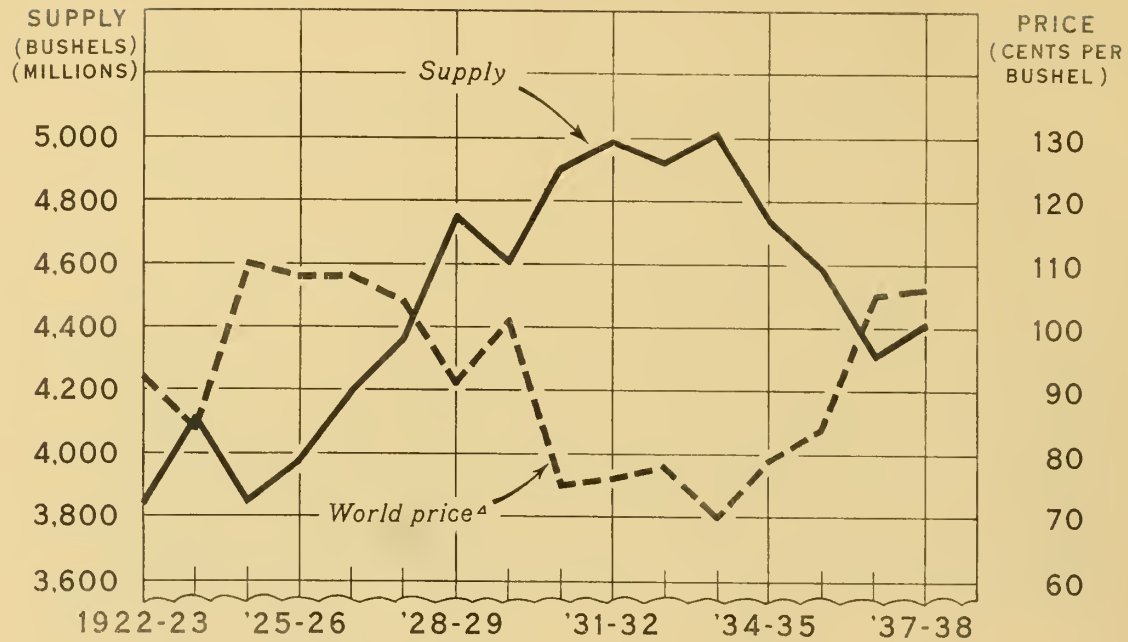
Year of harvest 1/	Acreage 2/	Yield per acre	Production
	Million acres	Bushels	Million bushels
1923	235	15.0	3,519
1924	228	13.7	3,127
1925	240	14.1	3,380
1926	243	14.4	3,494
1927	248	14.8	3,673
1928	264	15.1	3,996
1929	257	13.9	3,584
1930	266	14.5	3,847
1931	264	14.6	3,865
1932	269	14.4	3,865
1933	272	14.1	3,835
1934	265	13.4	3,543
1935 3/	269	13.4	3,601
1936 3/	276	12.8	3,540
1937 3/	286	13.4	3,824

1/ Refers to year of harvest in Northern Hemisphere, although it includes data for the Southern Hemisphere where the harvest ends early the following year.

2/ Acreage harvested except the United States, Canada and Argentina.

3/ Preliminary.

WHEAT: WORLD SUPPLY AND PRICE, 1922-37



U. S DEPARTMENT OF AGRICULTURE Figure 7 NEG 20691 BUREAU OF AGRICULTURAL ECONOMICS

Large wheat supplies in 1938-39 will result in world prices lower than in 1937-38. Prices in Liverpool reflect changes in world supply and demand conditions for wheat. In other countries prices may be relatively higher or lower than those at Liverpool as a result of domestic conditions, including governmental control.

Wheat: Estimated world supply, disappearance and prices, 1922-38

Year beginning July	Production 1/					Net exports from Russia 1/	Stocks on about July 1	Total supply 1/	Total disappearance	British Parcels average price per bushel 2/
	United States	Canada Argentina and Australia	Europe	All other	World production					
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Cents
1922	847	705	1,045	606	3,203	1	647	3,851	3,274	92
1923	759	847	1,257	656	3,519	21	577	4,117	3,394	84
1924	842	618	1,058	609	3,127	---	723	3,850	3,277	110
1925	669	701	1,397	613	3,380	27	573	3,980	3,327	108
1926	832	798	1,216	648	3,494	49	653	4,196	3,509	108
1927	875	880	1,274	644	3,673	5	687	4,365	3,614	104
1928	914	1,075	1,410	597	3,996	---	751	4,747	3,727	91
1929	823	594	1,461	706	3,584	7	1,020	4,611	3,668	101
1930	886	867	1,360	734	3,847	112	943	4,902	3,856	75
1931	942	732	1,436	755	3,865	70	1,046	4,981	3,938	76
1932	757	898	1,490	720	3,865	17	1,043	4,925	3,782	78
1933	552	745	1,745	793	3,835	34	1,144	5,013	3,815	70
1934	526	650	1,548	819	3,543	2	1,198	4,743	3,789	79
1935	626	568	1,576	831	3,601	29	954	4,585	3,814	84
1936	627	620	1,481	812	3,540	4	770	4,314	3,767	105
1937 3/	874	554	1,548	848	3,824	38	547	4,409	3/3,790	106

1/ Excludes production and stocks in Soviet Russia and China.
2/ Deflated by Statist Index (1910-14 = 100) and converted at par.
3/ Preliminary.

Production and export figures from official sources. Prices compiled from daily prices in the London Grain, Seed and Oil Reporter.

WHEAT: PRICES AT LIVERPOOL AND KANSAS CITY, AND NET EXPORTS FROM UNITED STATES, 1923-38

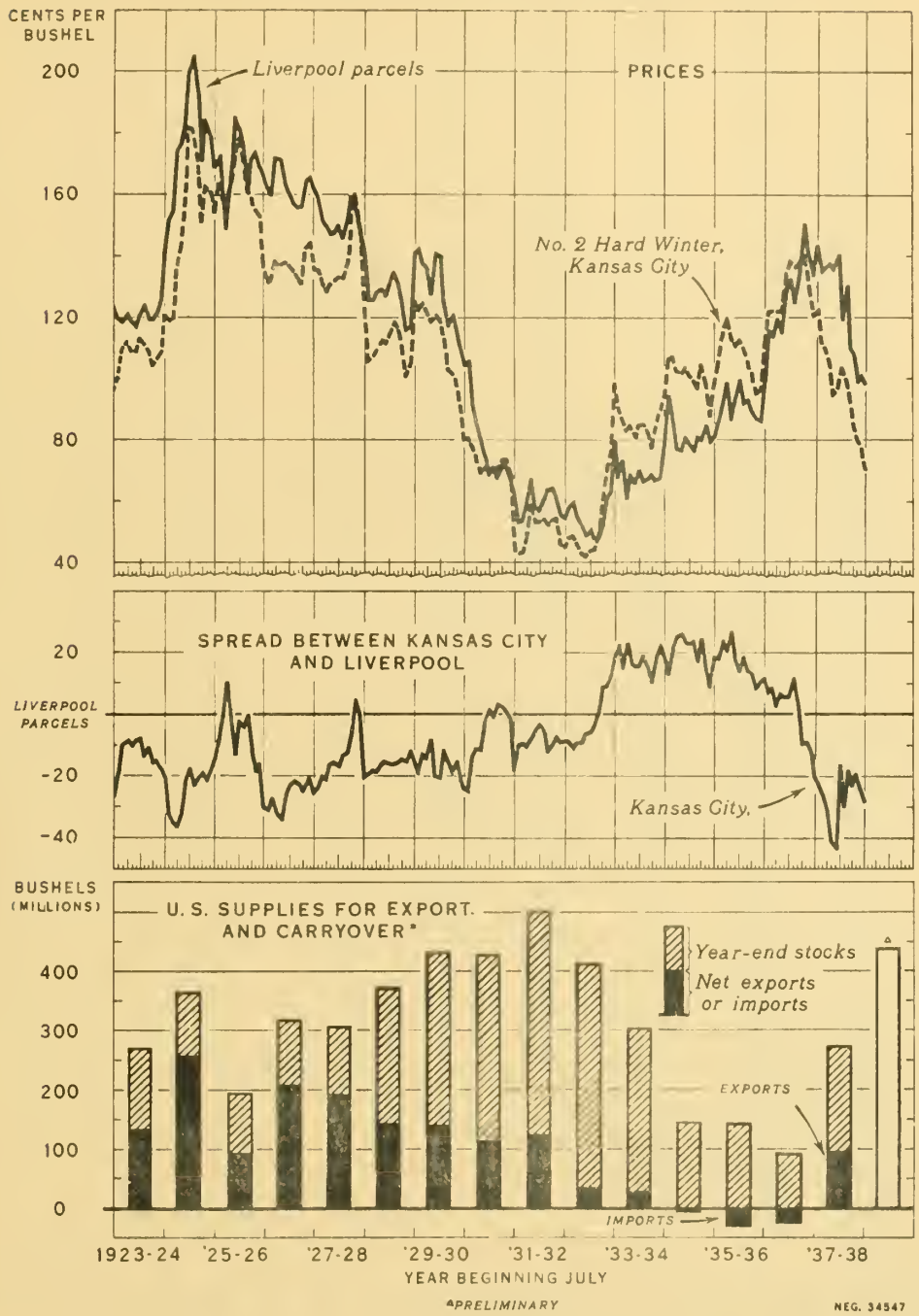


Figure 6

In 1937 wheat prices in the United States adjusted to an export basis, after having been materially above world prices since the beginning of 1933. High prices relative to Liverpool were largely the result of 4 successive years of very small production in the United States. The general trend in wheat exports during recent years has been downward, but small supplies in other surplus wheat producing countries resulted in exports of about 100 million bushels in 1937-38. Large supplies are available for export and carry-over in 1938-39.

Wheat: Average price per bushel, Liverpool and Kansas City, and spread between these prices, by months, 1922-38

Month	Parcels Liverpool 1/	No. 2 Hard Winter, Kansas City	Spread Kansas City under Liverpool	Parcels Liverpool 1/	No. 2 Hard Winter, Kansas City	Spread Kansas City under Liverpool	Parcels Liverpool 1/	No. 2 Hard Winter Kansas City	Spread Kansas City under Liverpool
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
	1922-23			1923-24			1924-25		
July	141.8	112.7	29.1	122.9	95.8	27.1	140.8	120.5	20.3
Aug.	129.1	104.3	24.8	119.6	100.6	19.0	151.5	119.0	32.5
Sept.	122.0	104.5	17.5	118.9	109.1	9.8	154.7	119.5	35.2
Oct.	134.3	113.3	21.0	120.8	111.9	8.9	173.8	136.9	36.9
Nov.	136.9	117.4	19.5	118.9	108.8	10.1	176.3	143.1	33.2
Dec.	140.8	117.4	23.4	117.2	108.7	8.5	182.9	161.6	21.3
Jan.	137.8	114.5	23.3	121.0	112.9	8.1	199.3	181.5	17.8
Feb.	135.7	115.1	20.6	124.4	110.9	13.5	204.8	181.2	23.6
Mar.	134.7	115.6	19.1	119.6	108.7	10.9	191.8	170.9	20.9
Apr.	140.7	120.4	20.3	119.6	104.3	15.3	170.3	150.9	19.4
May	138.6	116.2	22.4	121.2	106.3	14.9	184.2	162.9	21.3
June	131.4	104.2	27.2	125.2	108.1	17.7	178.3	160.2	18.1
	1925-26			1926-27			1927-28		
July	168.4	153.9	14.5	166.9	136.5	30.4	161.4	135.6	25.8
Aug.	172.2	163.9	8.3	162.4	131.0	31.4	159.5	135.3	24.2
Sept.	158.9	157.5	1.4	159.6	132.0	27.6	150.9	130.6	20.3
Oct.	148.5	138.2	9.7	171.3	138.6	32.7	149.4	128.2	21.2
Nov.	164.3	162.8	1.5	170.9	136.9	34.0	147.0	130.6	16.4
Dec.	184.7	171.6	13.1	163.5	137.7	25.8	147.5	131.8	15.7
Jan.	180.6	178.1	2.5	160.2	137.2	23.0	149.5	132.7	16.8
Feb.	175.1	171.0	4.1	157.1	135.4	21.7	145.8	132.6	13.2
Mar.	160.8	160.5	0.3	155.5	132.8	22.7	151.0	138.2	12.8
Apr.	170.9	159.1	11.8	155.9	130.7	25.2	159.0	152.4	6.6
May	173.1	154.8	18.3	164.6	142.1	22.5	155.1	160.0	- 4.9
June	168.8	152.9	15.9	165.2	144.1	21.1	146.9	147.5	- 0.6
	1928-29			1929-30			1930-31		
July	140.8	120.4	20.4	140.8	125.3	15.5	104.3	80.0	24.3
Aug.	125.8	105.9	19.9	142.1	122.6	19.5	105.6	80.6	25.0
Sept.	125.8	107.5	18.3	137.4	124.4	13.0	91.4	77.6	13.8
Oct.	128.6	109.8	18.8	136.0	121.7	14.3	85.7	74.4	11.3
Nov.	128.9	112.4	16.5	127.4	118.7	8.7	80.6	69.0	11.6
Dec.	126.3	111.2	15.1	140.8	120.7	20.1	73.5	70.6	2.9
Jan.	130.6	114.5	16.1	139.8	118.9	20.9	68.1	69.5	- 1.4
Feb.	134.7	118.3	16.4	124.6	112.6	12.0	70.2	69.3	0.9
Mar.	131.4	115.8	15.6	117.5	102.3	15.2	67.0	70.2	- 3.2
Apr.	124.9	110.5	14.4	120.1	101.4	18.7	70.7	73.0	- 2.3
May	115.7	100.6	15.1	114.6	99.1	15.5	72.2	73.1	- 0.9
June	116.8	105.0	11.8	109.9	88.7	21.2	66.6	68.2	1.6
	1931-32			1932-33			1933-34		
July	62.0	43.8	18.2	53.9	44.9	9.0	79.2	98.0	- 18.8
Aug.	52.8	42.7	10.1	57.4	47.7	9.7	67.3	89.7	- 22.4
Sept.	53.0	43.1	9.9	59.2	48.0	11.2	72.8	87.1	- 14.3
Oct.	58.3	47.5	10.8	54.7	45.2	9.5	60.5	83.0	- 22.5
Nov.	66.9	58.6	8.3	52.0	42.6	9.4	68.3	84.1	- 15.8
Dec.	57.5	52.4	5.1	48.6	41.8	6.8	65.4	80.4	- 15.0
Jan.	56.1	52.6	3.5	50.2	43.6	6.6	69.3	84.4	- 15.1
Feb.	59.9	53.8	6.1	47.2	43.7	3.5	66.2	85.0	- 18.8
Mar.	63.6	51.2	12.4	47.5	48.1	- 0.6	67.0	82.0	- 15.0
Apr.	63.7	53.2	10.5	51.7	60.4	- 8.7	68.0	77.7	- 9.7
May	61.3	53.6	7.7	61.0	70.0	- 9.0	66.7	85.7	- 19.0
June	54.7	45.6	9.1	62.7	75.9	- 13.2	67.1	89.1	- 22.0
	1934-35			1935-36			1936-37		
July	76.1	93.2	- 17.1	80.6	99.2	- 18.6	99.9	111.0	- 11.1
Aug.	93.9	106.6	- 12.7	86.0	104.1	- 18.1	115.3	122.0	- 6.7
Sept.	85.8	107.5	- 21.7	91.2	115.1	- 23.9	113.6	122.1	- 8.5
Oct.	76.7	102.2	- 25.5	98.6	119.0	- 20.4	119.3	122.0	- 2.7
Nov.	76.0	101.8	- 25.8	86.3	112.6	- 26.3	115.1	121.9	- 6.6
Dec.	80.8	104.2	- 23.4	93.1	110.8	- 17.7	128.6	134.2	- 5.6
Jan.	78.3	100.9	- 22.6	99.2	112.6	- 13.4	132.4	138.0	- 5.6
Feb.	76.0	99.6	- 23.6	91.4	110.0	- 18.6	125.0	136.5	- 11.5
Mar.	80.2	96.8	- 16.6	92.4	105.9	- 13.5	136.1	138.6	- 2.5
Apr.	80.0	104.6	- 24.6	89.1	102.0	- 12.9	149.9	140.0	9.9
May	84.0	98.8	- 14.8	86.8	94.9	- 8.1	141.4	132.0	9.4
June	79.0	87.7	- 8.7	85.9	96.0	- 10.1	133.4	120.8	12.6
	1937-38			1938-39			1939-40		
July	143.1	122.5	20.6	98.2	70.0	28.2			
Aug.	134.8	111.8	23.0						
Sept.	136.0	109.5	26.5						
Oct.	137.2	106.0	31.2						
Nov.	135.7	94.2	41.5						
Dec.	140.3	96.5	43.8						
Jan.	119.3	102.7	16.6						
Feb.	129.8	99.6	30.2						
Mar.	109.5	91.5	18.0						
Apr.	107.7	84.6	23.1						
May	99.0	79.7	19.3						
June	100.7	76.7	24.0						

1/ Parcels are less than cargo lots.

Compiled as follows: Kansas City: - Kansas City Grain Market Review. Average of daily prices weighted by carlot sales. Liverpool: Broomhall's Corn Trade News. Simple average of daily prices. Converted from shillings per parcel of 480 pounds to cents per bushel of 60 pounds as follows: July 1922 - Dec. 1925, current monthly average rates of exchange. Jan. 1926 - Aug. 1931, at par. Par (Shilling) = 24.3328 cents. Sept. 1931 - to date, current monthly average rates of exchange.

Wheat: Supplies for export and carry-over, United States, 1923-38

Year beginning July	Net exports or imports	Stocks at end of year	Year beginning July	Net exports of imports	Stocks at end of year	Year beginning July	Net exports or imports	Stocks at end of year
	1,000 bushels	1,000 bushels		1,000 bushels	1,000 bushels		1,000 bushels	1,000 bushels
1923	131,428	137,087	1929	140,301	288,879	1935	1/ -30,410	142,076
1924	254,664	108,401	1930	112,074	313,288	1936	1/ -25,174	102,889
1925	92,870	100,225	1931	122,890	375,473	1937	96,966	173,638
1926	205,934	109,506	1932	31,856	377,942	1938		
1927	191,039	112,372	1933	25,445	274,328	1939		
1928	141,129	228,373	1934	1/ - 5,038	147,543	1940		

1/ Minus sign indicates that imports are greater than exports.

OUTLOOK FOR 1939 WHEAT 1/ CROP

BACKGROUND 2/- The acreages seeded to wheat for harvest in 1937 and 1938, estimated at 81 million acres, were the largest in the history of the country. The acreage seeded for harvest in 1919 was the largest on record up to that time. For the 1919 to 1924 crops, seeded acreage declined from 77 million to 56 million acres. By 1928, however, it had risen again to 71 million acres and during the 1924-33 period averaged 65 million acres. For the 1934 crop, seeded acreage was reduced to 64 million acres, but the next year it was increased again to 69 million acres and for the 1936 crop was raised to 74 million acres. (Seeded acreage shown on fig. 3 and 4).

The present world acreage of approximately 288 million acres is about 17 million acres, or about 6 percent, above that necessary with average yields per acre, to produce a crop equal to the 10-year (1927-36) average annual disappearance of about 3,775 million bushels (fig.7). World yields per acre have fluctuated within a very narrow range, since wide variations in various regions of the world have been largely compensating. In most years the range is only about one-half bushel above or below the 14-bushel average. During the 15 years, 1923-37, yields were lowest in 1936 when they averaged 12.8 bushels and highest in 1928 when they were 15.1 bushels (fig.6).

Unless the world wheat acreage is adjusted downward, very large supplies will probably continue to be burdensome during the 1939-40 season and any improvement in world prices would depend upon improvement in demand. Wheat prices in the United States are expected to average above world levels (fig.8) if domestic production is about equal to or less than domestic requirements or if a loan 3/ is in effect.

The acreage allotted for seeding the 1939 wheat crop under the Agricultural Adjustment Act of 1938 is 55 million acres. This compares with the 1928-32 average seedings of 67 million acres, and 81 million acres seeded for the 1938 crop (fig.3). The extent of the participation by farmers in the acreage adjustment program is uncertain. If total wheat seedings are reduced to 55 million acres, and average yields per seeded acre are obtained, production would amount to 660 million bushels. This would be less than the 10-year (1928-37) domestic disappearance of about 680 million bushels (fig.2), and would provide an opportunity to bring about

---

1/ Rye outlook statement on page 33 .
2/ See also background statements on pages 15 and 21 .
3/ Wheat loans are mandatory under the Agricultural Adjustment Act of 1938 when the farm price on June 15, or any time thereafter, is below 52 percent of parity, or when the July crop estimate is above normal year's domestic consumption and exports. Loans to cooperators are at the rate of 52 to 75 percent of parity; to non-cooperators at 60 percent of the rate applicable to cooperators. Loans are made to non-cooperators only in marketing quota years on as much of their wheat as would be penalized if marketed. Loans not available in years for which marketing quotas were rejected by referendum.

a reduction in stocks during the marketing year. With a production of around 660 million bushels, domestic prices might rise above world levels, although the large stocks would tend to offset the influence of the smaller crop. Large carry-overs of milling wheat in prospect for July 1, 1939 assure ample supplies by classes in 1939-40.

If two-thirds to one-half of the wheat growers kept within their acreage allotments in 1939 and other growers planted about their usual acreage, seeded acreage would be expected to be 60 to 65 million acres. Average yields on such acreages would result in production of 720 to 780 million bushels, or 40 to 100 million bushels more than average domestic disappearance. In most years the range in yields per seeded acre is between 10 and 14 bushels. Seedings of 60 million acres in 1939 on this basis would result in a probable production of 600 to 840 million bushels, or somewhere within the range of 80 million bushels less to 160 million bushels more than average domestic requirements.

If the wheat growers in this country should reduce their acreage to about the 60-million acre level, and this reduction was not offset by increases in other countries, such a reduction would reduce world acreage so that production, on the average, would about equal the world's annual wheat disappearance.

Production in excess of domestic disappearance, which includes wheat for feed (fig. 2), must either be exported or go to enlarge the domestic carry-over (fig.8). World trade in wheat has declined sharply since the peak year of 1928-29, largely as the result of drastic restrictions on imports and increased production in major importing countries. In the early part of this period exports from the United States declined with those from other surplus producing countries. During the period 1934-36 small crops in the United States, the result of abnormally low yields per seeded acre, were followed by net imports. In 1937 production in the United States was again large (fig. 8) and about 100 million bushels were exported leaving about 70 million bushels to be added to the carry-over (fig. 2). Large-scale exports in 1937-38 resulted from the small world carry-over and small crops in Canada and Argentina. Exports during 1938-39 are unlikely to be as large as last year unless the Federal Government takes steps to stimulate exports. Unless production in other major exporting countries is unusually small or there is a considerable increase in export demand beyond present expectations, the export market for United States wheat in 1939-40 will be less favorable than in 1937-38 or 1938-39.

THE WORLD WHEAT SITUATION

BACKGROUND.- Total world supplies* increased sharply from 1924 to 1933 (fig.7), largely as the result of the increase in acreage. From 1933 to 1936 world supplies declined following successive years of small production and increased world demand. In 1937 world supplies were only moderately larger than in 1936. Apparent world disappearance has averaged about 3,775 million bushels during the past 10 years.

* Stocks, production, and disappearance for Soviet Russia and China are excluded throughout this report.

During the 1924-33 period, when world supplies were increasing, world prices declined, reaching the low point as supplies reached the high point. From the spring of 1933 to the summer of 1937, world prices moved steadily upward, reflecting higher world commodity price levels, four successive below-average harvests in North America, and the 1935-36 short Southern Hemisphere crop. In 1936-37 wheat prices advanced sharply as a result of increased demand and the smallest supplies in recent years. Then, during the 1937-38 selling season, wheat prices declined generally, with somewhat larger supplies, uncertain prospects for world business activity, and weakness in the general price level.

Prospective world wheat crop largest on record

The estimated world wheat production* in 1938 4/ is now indicated at around 4,255 million bushels, which is 420 million bushels more than the 1937-38 crop. The Northern Hemisphere total now appears to be about 395 million bushels above that of last year. Of this amount North America accounts for 230 million bushels. On the basis of weather and yield studies the total crop in Canada 5/ is placed at 330 million bushels.

The first estimate of winter wheat production this year in Canada is placed at 20,037,000 bushels, harvested from 742,100 acres, a yield per acre of 27 bushels. The yield per acre in 1937 was 26 bushels. The acreage of spring wheat sown in the Prairie Provinces is estimated at 24,946,000 acres, which is an increase of 347,000 acres over the 1937 spring wheat acreage in these provinces. On the basis of weather and condition to date, the Canadian crop is now forecast at around 330 million bushels. The Dominion Bureau of Statistics reported that the condition of the spring crop had declined during July, and on July 31 was estimated to be 82 percent of the long-time average compared with the June 30 estimated condition of 91 percent. Conditions in the Prairie Provinces were variable. In Manitoba the condition on July 31 was the same as a month earlier but was slightly below that of July 1937. In Saskatchewan spring wheat deteriorated appreciably. High temperatures and lack of sufficient moisture caused considerable damage. Widespread rust and extensive grasshopper damage also were contributing factors to the decline from 95 percent of normal, at the beginning of the month to 75 percent at the end of July. This condition figure, however, compares very favorably with that of only 14 percent on July 31, 1937. In Alberta no change has been noted during the month.

During the first half of August good harvesting progress was made throughout Canada. The effects of stem rust in Manitoba and eastern Saskatchewan are becoming more apparent as harvesting takes place and yields of susceptible varieties will be reduced appreciably. Grasshoppers are active and doing considerable damage in parts of Manitoba and Saskatchewan. Severe hail storms took heavy toll in parts of Saskatchewan and Alberta. Some loss from the wheat stem sawfly was reported in Alberta, where warm bright weather is now needed to hasten ripening.

4/ Includes the Southern Hemisphere where harvest extends into early 1939.
5/ See page 22 for discussion of crop prospects in the United States.

A total production of around 1,670 million bushels is now indicated in Europe, excluding Soviet Russia (table 1). This would be the largest harvest reported since 1933. Uniformly favorable growing and harvesting conditions during July improved the crop outlook materially. The increased estimate is largely the result of better outturns than previously indicated for the Danube Basin and the Mediterranean area--especially for Italy and France. The harvest in the Danubian countries and in Greece and Turkey is now virtually finished and a record crop is forecast. The Danube Basin crop is estimated at 436 million bushels compared with the previous record of 384 million bushels reported in 1936.

Estimated production of durum wheat in the four principal producing countries of Italy, Algeria, Morocco and Tunisia is placed at 119,536,000 bushels compared with 120,500,000 last year and 107,680,000 bushels, the 5-year (1932-36) average (table 11).

In Soviet Russia unfavorable weather prevailed over a large part of the country during the past month, resulting in crop deterioration in a number of regions. The Berlin office of the Bureau of Agricultural Economics reports that prospects for winter crops are, on the whole, more favorable than for spring crops. In the important producing Volga region, prospects are reported to be definitely low, as hot dry weather has been unbroken for several months. Harvesting started toward the end of June and was in full swing by July 20. Rapid and simultaneous ripening is reported to have increased the normal strain at harvest time. Heat and strong winds and a significant amount of lodged grain, are factors, reported to be increasing harvesting losses. Delayed repairs to tractors and combines and a reported shortage of spare parts would also point to harvesting losses at least as great as the heavy losses of 1937.

In northern Africa harvesting is virtually completed and threshing is general. The total production is indicated to be a little above that of last year. In Morocco the yield is estimated to be well above that of last year. In Tunisia, however, a smaller crop is indicated for this year.

The latest estimate of the crop in India is 402,453,000 bushels compared with 392,075,000 in 1937. It is generally felt that the current crop has been overestimated.

On the basis of weather and yield studies, the crop in Argentina is tentatively placed at 250 million bushels, compared with the 1937-38 harvest of 185 million bushels. Wheat seeding in Argentina is virtually completed. The sown acreage is reported to be about 5 percent above that of last year and condition in general is above average.

In Australia conditions to date seem to indicate a crop of about 150 million bushels compared with 187 million for the last crop. The first official estimate of the area sown is 14,178,000 acres, an increase of 3 percent over last year. General rains are needed throughout the country as a deficiency of sub-soil moisture continues.

Table 1.-Production of wheat in specified countries, 1935-36 to 1938-39

Country	1935-36	1936-37	1937-38	1938-39
NORTHERN HEMISPHERE	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America:				
United States	626,344	626,766	873,993	955,989
Canada	281,935	219,218	182,410	1/ 330,000
Mexico	10,712	13,606	10,586	2/ 12,000
Total (3)	918,991	859,590	1,066,989	1,297,989
Europe:				
England and Wales	60,592	51,445	52,005	(
Scotland	4,480	3,547	4,181	(3/ 64,300
Northern Ireland	362	273	164	(
Ireland	6,686	7,839	6,990	3/ 8,100
Norway	1,869	2,094	2,497	3/ 2,600
Sweden	23,610	21,635	25,720	3/ 24,600
Denmark	14,672	11,266	13,522	3/ 12,900
Netherlands	16,653	15,428	12,555	15,432
Belgium	16,101	16,153	15,550	16,167
France	284,950	254,618	253,537	4/ 312,300
Spain	157,986	121,492 4/	132,000	4/ 102,900
Luxemburg	1,022	1,071	1,206	1,228
Portugal	22,092	8,651	14,540	16,534
Italy	282,760	224,570	296,284	5/ 257,000
Switzerland	5,974	4,470	6,221	6,213
Germany	171,488	162,660	164,120	3/ 180,000
Austria	15,509	14,039	14,470	3/ 15,600
Czechoslovakia	62,095	55,583	51,266	3/ 60,600
Greece	27,180	19,537	32,373	3/ 33,100
Poland	73,884	78,357	70,774	3/ 80,800
Lithuania	10,093	8,027	8,109	3/ 8,100
Latvia	6,520	5,272	6,302	3/ 6,200
Estonia	2,267	2,433	2,786	3/ 2,800
Finland	4,233	5,259	7,665	3/ 6,200
Malta	179	236	326	2/ 300
Albania	1,554	1,106	1,466	2/ 1,500
Total (26)	1,274,311	1,097,061	1,196,629	1,235,474
Bulgaria	47,925	60,350	64,910	59,116
Hungary	84,224	87,789	72,158	94,357
Rumania	96,439	128,717	138,158	181,511
Yugoslavia	73,100	107,422	86,253	100,897
Total (4)	301,688	384,278	361,479	435,881
Total Europe (30)	1,576,499	1,481,339	1,558,108	1,671,355

Continued-

Table 1.-Production of wheat in specified countries, 1935-36 to 1938-39-contd.

Country	1935-36	1936-37	1937-38	1938-39
NORTHERN HEMISPHERE-Contd	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Africa:				
Algeria	35,532	29,774	33,106	33,101
Morocco	20,036	12,234	20,895	26,051
Tunisia	16,902	8,083	17,637	13,962
Egypt	43,222	45,700	45,376	45,929
Total (4)	113,692	95,791	117,014	119,043
Asia:				
Palestine	3,834	2,795	4,682 2/	4,000
Syria and Lebanon	18,520	15,704	17,210 2/	18,000
India	363,216	351,680	364,075	402,453
Japan	48,718	45,192	50,410	50,644
Chosen	9,747	8,095	11,041	10,333
Turkey	92,641	141,582	136,483 6/	147,000
Total (6)	536,676	565,048	583,901	632,430
Total 43 countries	3,145,858	3,001,768	3,326,012	3,720,817
Estimated Northern Hemisphere total, excluding Russia and China	3,225,000	3,067,000	3,392,000	3,786,000
SOUTHERN HEMISPHERE				
Argentina	141,462	249,193	184,801 1/	250,000
Australia	144,218	151,390	183,918 2/	150,000
Union of South Africa	23,709	16,077	10,157 2/	11,000
Estimated world total, excluding Russia and China	3,601,000	3,540,000	3,835,000	4,257,000

1/ Based on weather conditions to date.
2/ Approximation.
3/ Estimate of the Berlin office of the Bureau.
4/ Estimate of the Paris office of the Bureau.
5/ The Paris office of the Bureau regards this official estimate as being too high.
6/ Estimate of the Belgrade office of the Bureau.

Compiled from official data except as otherwise noted.

World stocks* about 75 million bushels larger than year ago

World stocks of old crop wheat 6/ on about July 1 are now tentatively estimated at 620 million bushels, which is about 75 million bushels more than those of a year earlier (table accompanying figure 7). This is 25 million bushels less than the tentative estimate of a month ago. Estimated stocks in the four principal exporting countries and afloat are shown on figure 5. Information regarding stocks in European countries is incomplete, but they are believed to be about the same as a year ago. Stocks in the Orient also are probably about the same.

The amount of the increase in United States stocks approximates the increase in the estimated world total. Small increases in stocks indicated for Argentina and Australia are about offset by decreases in Canada and in the United Kingdom ports and afloat.

If the final estimate of old stock wheat turns out to be about 620 million bushels, the world disappearance in 1937-38 would be about 3,790 million bushels, compared with the average of the preceding 10 years of 3,775 million, or about 15 million bushels more than average. However, the increase in the apparent disappearance in the United States last year (the result of heavy wheat feeding because of short feed grain supplies early in the season) was about equal to this reduction, and indicates not much change in disappearance in other countries.

Some increase in world wheat trade in 1938-39 probable

Although total world production is materially larger than last year, distribution of the crop is such that importing countries will probably take more wheat than last year. Based on a tentative estimate of carry-over in European importing countries and on present crop prospects it would appear that European imports in 1938-39 might be increased by 25 to 50 million bushels. Abnormal purchases, such as for reserve stocks, would increase this indication. Present prospects would seem to justify an increase of 5 to 10 million bushels in imports by non-European countries in 1938-39.

The estimate of net world imports for the year ended June 30, 1938, (total net imports into European deficit countries plus shipments to non-European countries) are estimated at 494 million bushels.

Wheat from the United States, however, will meet greater competition in foreign markets, and exports will be less than in 1937-38 unless the Federal Government takes steps to stimulate exports. Larger crops are in prospect this year in European exporting countries, Canada and Argentina.

---

* Excluding Soviet Russia and China.

6/ Some new wheat included in United States stocks; discussion on page 23.

In Canada, production is indicated to be the largest in 6 years, but the fixing of prices by the Government is not expected to interfere with exports. Accompanying the price announcement of August 4 the Minister of Trade and Commerce stated: "The milling and grain trades of the world are advised that, notwithstanding the internal initial price of 80 cents per bushel, the Canadian Wheat Board will continue its work of encouraging the use of Canadian wheat, which will at all times be competitive on the world's markets."

On the basis of current production estimates, the United States, Canada, Argentina, Australia and the exporting countries of Europe will have about 900 million bushels in excess of domestic disappearance and minimum carry-over. Exports from other countries, including Soviet Russia and India, would increase this amount.

With exportable surpluses of over 900 million bushels in prospect, imports of only between 525 and 550 million bushels would result in an increase of around 400 million bushels in the world carry-over in July 1939. Revisions in estimates, of course, would probably change these figures. If 400 million bushels are added to the tentative estimated world stocks July 1, 1938, of 620 million bushels, the world carry-over will about equal the carry-over of 1,020 million bushels in 1929. The record carry-over, estimated at 1,198 million bushels, occurred in 1934.

Information on the current movement of wheat, together with comparisons, are shown in tables 12 to 15. Quantities of United States wheat and flour exports by countries are shown in tables 9 and 10.

Prices in foreign markets have continued to decline

Wheat prices in foreign markets, where not fixed, have continued downward during the past month, influenced by upward revisions in crop estimates and liberal offerings in European markets.

Table 2.- Prices of imported wheat at Liverpool

Date (Friday)	Hard wheats				Soft wheats		
	U.S. (Gulf) No. 2 Hd. Winter	Argentine Barusso	Canada No. 3 Manitoba 1/	Russian	U.S. (Pacific) White	Australian 1/	India choice Karachi 1/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1938							
July 8	88.8	100.7	108.4	92.6	87.2	98.0	91.1
15	90.2	99.4	110.2	87.9	86.3	97.1	94.0
22	91.1	96.8	113.0	83.8	84.5	96.8	93.8
29	89.0	92.1	102.9	79.8	82.9	93.6	91.3
Aug. 5	87.2	91.7	96.7	77.2	81.0	92.5	91.7
12	82.2	84.1	87.6	75.4	76.9	87.6	86.8

1/ Empire wheat qualifying for Imperial Preference is exempt from duty (approximating 6 cents per bushel) under Ottawa Agreements of November 1932.

Table 2 shows prices of imported wheat in Liverpool. Prices of United States Hard Red Winter and White wheats declined only about 9 cents from July 15 to August 12 while prices of Russian and Argentine wheat declined 12 and 15 cents, respectively. Canadian wheat declined sharply, going down 23 cents.

The sharp drop in Canadian prices (28 cents from July 23 to August 20 for No. 1 Northern Spring) is the result of adjusting from a season when supplies of good milling wheat were very limited to a season when supplies are plentiful. The 1937 Canadian wheat crop was so small, and such a relatively small proportion of the crop qualified for the better grades, that 9 million bushels of milling wheat were imported from the United States. On the other hand, the 1938 crop in Canada is expected to be the largest since 1932 and prices have dropped to world levels.

The Canadian Government announced that it would pay 80 cents for No. 1 Northern Spring wheat, 77 cents for No. 2 and 74 cents for No. 3, basis Fort William and Port Arthur. These prices are somewhat below the loan schedule in the United States but Canadian farmers are to receive in addition participating certificates entitling them to share in any profits that may result should the wheat be disposed of at prices above the fixed minimum. United States No. 1 Northern Spring wheat is ordinarily fairly comparable for milling purposes with No. 3 Manitoba Northern Spring. The loan rate on No. 1 Northern Spring at Minneapolis was announced at 79 cents.

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- The carry-over of wheat in the United States for the 5 years 1924-28 averaged about 115 million bushels. Stocks which began to accumulate in 1929 reached the record peak of 378 million bushels in 1933. Four small wheat crops, however, reduced stocks on a comparable basis to about 100 million bushels by July 1, 1937. Domestic disappearance during the 10 years 1928-37 averaged 680 million bushels.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high relative to world market prices, because of four small domestic crops caused largely by abnormally low yields per acre. During 1936-37 both world and domestic prices advanced sharply as a result of increased demand and the smallest supplies in recent years.

Early in the 1937-38 season, domestic and foreign wheat prices rose sharply following reports of serious damage to the Canadian crop and the threat of rust damage in the United States. It was thought possible at that time that world prices might remain sufficiently above the 1936-37 level to offset the decline in United States prices to an export basis. However, with an increase in the estimates of the world crop, prospects of large shipments from Soviet Russia, a slow European demand, disturbed business conditions, and a falling general commodity price level, wheat prices in world markets declined.

United States wheat crop 5 percent under 1915 record

A total 1938 wheat crop of 955,989,000 bushels was indicated by August 1 reports on yield per acre of winter wheat and condition of spring wheat. This is slightly larger than the large crops harvested in 1931 and 1919 but about 5 percent less than the record crop of 1915. Estimated production of all wheat in 1937 was 873,993,000 bushels, and the 10-year (1927-36) average production is 752,891,000 bushels. The indicated total crop, as of August 1, is about 1 percent lower than that indicated on July 1 with a decrease in winter wheat nearly offset by the increase in prospective spring wheat production.

The preliminary estimate of winter wheat production is 688,458,000 bushels compared with 685,102,000 harvested in 1937 and the 10-year average of 546,396,000 bushels. The August 1 estimate represents a reduction of about 27 million bushels from July 1 indications.

The average yield per acre is 13.8 bushels compared with 14.6 bushels in 1937 and the 10-year (1927-36) average of 14.5. A month ago the indicated yield was 14.3 bushels. Figures 3 and 4 show the seeded acreage, yield, and production of all wheat and winter wheat, 1919-1938.

Most of the reduction during July 1 occurred in Kansas and Nebraska although sharp reductions in yield per acre also took place in Minnesota, Wisconsin and Iowa with slightly lower yields indicated for Pennslyvania, Michigan, Indiana, Missouri, and Oregon. Scab and blight reduced both yields and quality in parts of Minnesota and Wisconsin. In Nebraska, Kansas and Iowa, rust and hot weather damaged late fields, harvest was delayed by wet weather and considerable loss resulted from excessive lodging. Weather was unfavorable for harvesting and threshing in much of the area east of the Mississippi River and north of the Ohio where considerable damage has occurred to wheat in the shock. Yields in the States in this area, however, are mostly above average.

Production of all spring wheat (includng durum) on August 1 was placed at 267,531,000 bushels, an increase of 15,544,000 bushels above the July 1 forecast, and 61,037,000 bushels above the 10-year (1927-36) average production. Last year, 188,891,000 bushels were produced.

Indicated production of Durum wheat increased from 33,376,000 bushels on July 1 to 41,148,000 bushels on August 1. Indicated yields per acre increased 2 bushels in North Dakota, 3 bushels in South Dakota, and 1.5 bushels in Minnesota since July 1. In 1937, the production of Durum was 27,791,000 bushels and the 10-year average is 40,085,000 bushels.

Prospects for other spring wheat held up or improved during July in all of the important wheat-producing States with the exception of Idaho, where a small decline occurred. The production of other spring wheat is indicated to be 226,383,000 bushels, compared with 218,611,000 indicated a month earlier, 161,100,000 harvested in 1937, and 166,410,000 bushels the 10-year average.

Improved prospects in Minnesota and the Dakotas are largely the result of less rust damage than was expected on July 1, when it became apparent that rust was more widespread than during either the 1935 or 1937 epidemic. The crop matured relatively early and July weather conditions, with rather cool temperatures during a portion of the month and below normal rainfall were unfavorable to the rapid development of the rust. Losses from rust damage also were reduced because of the comparatively large percentage of the acreage planted to rust-resistant varieties.

Grasshopper damage has been extensive in portions of the spring wheat territory, notably in north central South Dakota and in southern and western North Dakota. Some grasshopper damage also has occurred in northeastern Montana.

The quality of the market receipts of winter wheat in July 1938 is below a year ago (table 8).

United States carry-over largest since 1934

Stocks of old wheat in the United States at the beginning of the 1938-39 season on July 1 have been estimated at 154,072,000 bushels. These stocks compare with a revised estimate of 83,214,000 bushels of old wheat on hand July 1, 1937. This year for the first time, old and new wheat was reported separately by merchant mills, making possible a statement of stocks of old wheat only. New wheat always has been reported separately for farm, and interior mill and elevator stocks, and not used in the carry-over estimate.

When the new wheat in commercial stocks and merchant mills is included, July 1 stocks total 173,638,000 bushels, the largest since 1934 when they were 274,328,000 bushels. Stocks on July 1 last year, including new wheat in commercial and merchant mills were estimated at 102,889,000 bushels. Figure 1 and the accompanying table show the stocks in the various positions with and without the new wheat included in commercial and merchant mill stocks.

New wheat was reported in commercial stocks for 1937 as well as 1938, but was reported only for 1938 in merchant mill stocks. New wheat in merchant mills and elevators in 1937 were estimated on the bases of: (1) the percentage of new wheat in total wheat stocks in important winter wheat States in 1938, and (2) the percentage of new wheat reaching market centers in 1937 compared with 1938 as represented by commercial stocks.

It is interesting to note that domestic disappearance rounds to 702 million bushels using either set of stocks figures.

Supplies of all classes of wheat abundant

Table 4 shows the estimated July 1 carry-over of old wheat, current crop estimates and estimated prospective utilization, by classes for 1938-39. The actual utilization by classes will depend, of course, on a number of factors, two of which are the prices of wheat relative to feed grain prices and supplies in the various sections of the country, and the relative prices of the different classes of wheat.

Table 3.- Estimated wheat supplies and distribution by classes for 1937-38

Item	Hard Red Winter	Soft Red Winter	Hard Red Spring	Durum	White	Total
Carry-over July 1, 1937 (old wheat)	Mil.Bu.	Mil.Bu.	Mil.Bu.	Mil.Bu.	Mil.Bu.	Mil.Bu.
Farm	7	7	5	1	2	22
Interior mills & elevators	3	2	2	1	4	12
Commercial	4	1	3	0	1	9
Merchant mills 1/	23	4	9	1	3	40
Total carry-over	37	14	19	3	10	83
Production	375	257	102	29	111	874
Imports 2/	--	--	1	--	--	1
Total supply	412	271	122	32	121	958
Exports and shipments 3/	72	5	2	--	22	101
Carry-over June 30, 1938 (old wheat)	60	37	31	5	21	154
Apparent disappearance 4/	280	229	89	27	78	703

1/ Bureau of Census figure raised to represent all merchant mills and elevators. Includes stored for others as well as owned wheat in merchant mills and elevators. Excludes 12,500,000 bushels estimated as being new wheat. 2/ From reports of Foreign and Domestic Commerce of the United States. Imports include full-duty wheat, wheat paying a duty of 10 percent ad valorem, and flour in terms of wheat. 3/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat. Shipments are to Alaska, Hawaii, Puerto Rico and Virgin Islands. 4/ Balancing item.

Table 4. - Estimated prospective wheat supplies and distribution by classes for 1938-39

Item	Hard Red Winter	Soft Red Winter	Hard Red Spring	Durum	White	Total
Carry-over July 1, 1938 (old wheat)	Mil.Bu.	Mil.Bu.	Mil.Bu.	Mil.Bu.	Mil.Bu.	Mil.Bu.
Farms	23	19	10	2	5	59
Interior mills & elevators	9	5	5	1	12	32
Commercial	8	6	6	1	1	22
Merchant mills 1/	20	7	10	1	3	41
Total carry-over	60	37	31	5	21	154
Production 2/	387	240	184	43	102	956
Total supply	447	277	215	48	123	1,110
Prospective utilization	275	210	115	35	65	700
Available for carry-over insurance stocks and export	172	67	100	13	58	410

1/ Bureau of Census figure raised to represent all merchant mills and elevators. Includes stored for others as well as wheat owned.
2/ August estimate.

Table 3 shows the estimated supply and distribution by classes for 1937-38 with stocks containing only old wheat. Table 7 shows the analysis by classes with new wheat in the commercial and merchant mill stocks in all years. Practically all of this new wheat in these two stocks positions is hard red winter wheat.

Domestic wheat prices have recently strengthened

Domestic wheat prices continued to decline during the past month, influenced by large prospective domestic and world supplies, but they did not decline as much as prices in other countries (tables 2 and 5), due at least in part to the actual and prospective effect of the loan in reducing marketings. As prices declined to their low point, marketings fell off sharply. Moreover, the heavy movement of spring wheat is expected to be of short duration.

Domestic wheat prices have turned up since the middle of the month, following the announcements of additional Agricultural Adjustment payments to growers who cooperate in adjusting acreage and the Federal Government's interest in stimulating exports.

Market receipts of winter wheat have dropped off earlier than usual. The relatively large stocks of old crop wheat have been materially reduced and much of the wheat not eligible as collateral already has moved to market. Consequently, the effect of the loan as a price supporting factor should become more apparent.

Table 6 shows weighted average cash prices by weeks, in important wheat markets this year compared with last year.

Table 5.- Average closing prices of September 1/ wheat futures, specified markets and dates, 1937 and 1938

Date	Winnipeg 2/		Liverpool 2/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -												
May	119.5	84.0	130.3	92.3	-	-	116.7	77.1	113.4	73.3	121.4	80.9
June	117.3	82.9	125.2	86.6	-	-	111.5	76.5	108.4	72.4	120.3	82.6
July	131.9	77.6	140.7	84.4	-	-	122.7	71.0	118.7	65.8	136.8	76.4
Week ended -												
July 9	138.1	78.8	140.6	84.6	3/ 122.6	80.8	124.6	72.6	120.0	67.1	139.6	77.8
16	142.9	78.4	144.1	84.8	124.3	78.8	126.1	72.2	122.1	67.0	141.6	77.8
23	137.6	77.2	141.0	84.4	122.9	76.1	121.3	70.1	118.1	65.2	135.7	76.0
30	131.9	76.2	137.0	82.7	122.5	73.4	117.4	68.0	113.2	63.3	130.0	73.2
Aug. 6	126.3	75.1	130.0	82.5	123.0	72.0	113.9	66.4	107.0	62.2	125.7	71.1
13	128.4	70.8	128.2	79.2	123.1	65.8	112.5	62.8	105.4	58.8	124.0	67.5
High 4/	142.9	78.8	144.1	84.8	124.3	80.8	126.1	72.6	122.1	67.1	141.6	77.8
Low 4/	126.3	70.8	128.2	79.2	122.5	65.8	112.5	62.8	105.4	58.8	124.0	67.5

1/ Oct. futures for Winnipeg and Liverpool. 2/ Conversions at noon buying rate of exchange. 3/ Aug. futures. 4/ July 9 to August 13, 1938, and corresponding dates 1937.

Table 6.- Weighted average cash price of wheat, specified markets and dates, 1937 and 1938

Date	All classes: and grades: six markets		No. 2 Hard Winter: Kansas City		No. 1 Dk.N.Spring: Minneapolis		No. 2 Hard Amber Durum: Minneapolis		No. 2 Red Winter: St. Louis		Western White: Seattle 1/	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -												
May	131.5	82.0	132.0	79.7	146.3	105.3	128.4	88.4	131.9	76.9	115.8	77.0
June	123.0	81.3	120.8	76.7	145.0	105.0	122.4	90.0	122.3	74.8	112.5	73.7
July	118.7	68.4	122.5	70.0	151.2	87.6	133.0	79.8	122.0	68.9	110.0	67.8
Week ended-												
July 9	121.9	69.6	122.2	69.4	156.2	97.0	142.0	83.4	124.5	69.1	113.8	69.2
16	123.0	69.6	125.3	71.1	153.0	97.6	133.2	83.3	124.1	69.0	111.8	69.4
23	119.7	67.8	122.3	70.2	155.2	90.4	128.8	80.2	121.9	67.7	107.6	67.0
30	109.8	65.9	116.9	68.2	145.6	83.8	125.3	77.0	117.2	67.5	110.0	65.4
Aug. 6	106.6	67.6	113.2	67.4	139.0	80.5	137.5	72.1	113.6	66.7	102.1	63.9
13	106.6	67.0	111.8	63.7	137.4	76.4	123.5	74.2	111.2	63.5	101.2	59.7
High 2/	123.0	69.6	125.3	71.1	156.2	97.6	142.0	83.4	124.5	69.1	113.8	69.4
Low 2/	106.6	65.9	111.8	63.7	137.4	76.4	123.5	72.1	111.2	63.5	101.2	59.7

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ July 9 to August 13, 1938 and corresponding dates for 1937.

Table 7.- Wheat estimated supply and distribution by classes, average 1929-30 to 1933-34, crop years 1934-35 to 1938-39

Item	Average 1929-30 to 1933-34	1934-35	1935-36	1936-37	1937-38	1938-39
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
			All wheat			
Stocks, July 1 1/	317	274	148	142	103	174
Production	792	526	626	627	874	956
Imports 2/	--	16	34	34	1	--
Supply	1,109	816	808	803	978	1,130
Exports and shipments 2/	90	13	7	12	101	
Carry-over	325	148	142	103	174	
Disappearance 3/	694	655	659	688	703	
			Hard Red Winter			
Stocks, July 1 1/	161	125	68	57	57	77
Production	349	208	203	260	375	387
Supply	510	333	271	317	432	464
Exports and shipments 2/	52	3	2	3	72	
Carry-over	167	68	57	57	77	
Disappearance 3/	291	262	212	257	283	

Continued -

Table 7.- Wheat estimated supply and distribution by classes, average 1929-30 to 1933-34, crop years 1934-35 to 1938-39 - Continued

Item	Average 1929-30 to 1933-34	1934-35	1935-36	1936-37	1937-38	1938-39
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
			Soft Red Winter			
Stocks, July 1 1/	32	36	32	27	15	40
Production	185	188	204	207	257	240
Supply	217	224	236	234	272	280
Exports and shipments 2/	2	--	--	--	5	
Carry-over	35	32	27	15	40	
Disappearance 3/	180	192	209	219	227	
			Hard Red Spring			
Stocks, July 1 1/	79	74	27	34	18	31
Production	135	53	108	51	102	184
Imports 2/	--	9	30	25	1	--
Supply	214	136	165	110	121	215
Exports and shipments 2/	1	--	--	--	2	
Carry-over	79	27	34	18	31	
Disappearance 3/	134	109	131	92	88	
			Durum			
Stocks, July 1 1/	24	9	5	7	3	5
Production	40	7	25	9	29	43
Imports 2/	--	7	4	9	--	--
Supply	64	23	34	25	32	48
Exports and shipments 2/	7	--	--	--	--	
Carry-over	20	5	7	3	5	
Disappearance 3/	37	18	27	22	27	
			White			
Stocks, July 1 1/	21	30	16	17	10	21
Production	83	70	86	100	111	102
Supply	104	100	102	117	121	123
Exports and shipments 2/	28	10	5	9	22	
Carry-over	24	16	17	10	21	
Disappearance 3/	52	74	80	98	78	

1/ Includes new wheat in commercial and merchant mill stocks.
2/ From reports of Foreign and Domestic commerce of the United States. Imports include full-duty wheat, wheat paying a duty of 10 percent ad valorem, and flour in terms of wheat. Exports include only flour made from domestic wheat. Shipments are to Alaska, Hawaii, Puerto Rico and the Virgin Islands.
3/ Balancing item.

See also tables 3 and 4 in this issue; also "The Wheat Situation," February 1937 for the figures for 1930-31 and August 1937 for the figures for 1931-32 to 1933-34.

Table 8.- Quality of the 1937 and 1938 hard red and soft red winter wheat (Based on inspected receipts at representative markets July 1 to July 31)

Grade	Hard Red Winter wheat: Sub-class	1937	1938	Soft Red Winter wheat: Sub-class	1937	1938
	Dk. Hd.	60	47			
	Hard	40	53	Red		
	Yellow Hd.	0	0			
1		41	9		2	14
2		29	30		19	45
3		15	34		33	26
4		10	20		21	8
5		4	6		14	3
Sample		1	1		11	4
Tough		0	2		16	20
Light Smutty		1	0		2	4
Smutty		1	0		1	2
Light Garlicky					6	3
Garlicky					24	18

Table 9.- United States domestic exports of wheat by specified countries, semi-annually beginning July 1935

Country	1935-36		1936-37		1937-38	
	July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec	Jan.-June 1/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Belgium	59	11	19	191	5,815	6,408
Denmark					144	1,580
France		31	35	65	523	445
Germany					315	644
Greece					320	1,851
Ireland			399		3,253	3,387
Italy			204	39	410	640
Netherlands			336	868	5,639	5,208
Norway					149	466
United Kingdom			197	2	5,432	15,903
Other Europe	0	0	11	2	539	2,133
Total Europe	59	42	1,201	1,167	22,544	43,665
Canada	13	20	34	180	5,425	3,949
Mexico	4	24	8	1	995	2,275
Panama			252		286	1
Salvador	61	37	70	69	114	66
Brazil					356	2/
Colombia	2/		2/	1	56	193
Peru					587	0
Japan			133		42	0
Other countries	28	23	35	18	525	185
Total exports	165	146	1,733	1,436	30,930	50,334

1/ Preliminary. 2/ Less than 500 bushels.
Compiled from official records of the Bureau of Foreign and Domestic Commerce.

Table 10.- United States exports of wheat flour, made wholly from United States wheat, to specified countries, semi-annually, beginning July 1935

Commodity and country	1935-36		1936-37		1937-38	
	July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-July 1/
	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels
Wheat flour 2/						
Netherlands	9	8	53	106	248	240
Norway	3/	2	0	3/	24	40
United Kingdom	28	16	24	21	70	123
Costa Rica	7	8	7	14	22	41
Guatemala	34	25	21	33	53	44
Nicaragua	22	18	15	18	15	10
Panama	26	28	28	24	37	40
Salvador	6	12	7	11	15	11
Mexico	6	3	4	8	13	3
Cuba	95	83	80	102	207	303
Haiti, Republic of	7	5	9	11	18	22
Ecuador	6	8	25	26	65	80
Venezuela	4	3	3	4	32	66
China	3	3	3	10	8	81
Hong Kong	20	18	14	20	164	98
Philippine Islands	124	126	238	233	294	429
Other countries	32	34	47	79	252	311
Total	429	400	578	720	1,537	1,942

1/ Preliminary.
2/ To convert to wheat equivalent multiply by 4.7.
3/ Less than 500.

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

Table 11.- Durum wheat: Production in specified countries, average 1932-1936, annual 1935-1938

Country	Average 1932-1936	1935	1936	1937	1938
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Italy	58,984	55,850	57,352	75,001	73,486
Algeria	22,906	24,453	18,651	22,509	22,046
Morocco	17,045	13,885	8,488	12,702	16,755
Tunisia	8,745	11,023	4,409	10,288	7,349
Total	107,680	105,211	88,900	120,500	119,636

Paris office, Bureau of Agricultural Economics.

Table 12.- Movement of wheat, including flour, from principal exporting countries, 1934-35 to 1937-38

Country	Exports as given by official sources: Total 1934-35	Total 1935-36	Total 1936-37	July 1 to date shown: 1935-36	1936-37	1937-38	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/	21,532	15,929	21,584	15,929	21,584	104,748	June 30
Canada	169,630	237,447	213,028	237,447	213,028	94,546	June 30
Argentina	187,000	76,577	162,977	76,577	162,977	69,670	June 30
Australia	108,009	105,328	98,730	96,440	85,964	111,798	May 31
Russia	4,286	29,704	4,479	29,342	3,973	40,593	May 31
Hungary	12,499	14,644	27,428	11,943	26,658	8,917	May 31
Yugoslavia	4,401	728	17,954	174	17,322	5,003	May 31
Rumania	3,432	6,391	35,540	5,595	35,534	31,969	May 31
Bulgaria	375	988	7,273	954	6,543	7,222	May 31
British India	2,318	2,556	14,674	1,375	11,091	6,810	May 31
Total	513,480	487,222	599,363				

Country	Shipments as given by trade sources: Total 1936-37	Total 1937-38	Week ended 1938: July 30	Aug. 6	Aug. 13	July 1-July 30: 1937	1938
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/	231,832	184,720	3,808	4,288	4,195	15,112	25,147
Canada, 4 markets 3/	194,531	86,595	1,807	2,825	1,389	7,995	8,994
United States 4/	10,395	83,651	2,392	1,842	2,534	5,425	13,330
Argentina	164,678	66,898	1,120	1,116	1,029	4,932	8,689
Australia	105,836	128,184	1,588	2,608	2,100	8,968	12,792
Russia	88	42,248	1,304	2,784	3,512	184	10,216
Danube & Bulgaria 5/	65,544	37,320	0	0	312	2,432	864
British India	6/14,674	15,714	960	896	736	4,120	4,448
Total 7/	582,652	475,084				35,748	62,156
Total European shipments 2/	484,670	397,656	6,856			8/19,040	8/30,248
Total ex-European shipments 2/	127,192	99,400	2,120			8/ 5,976	8/9,688

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminster.
4/ Official reports received from 16 principal ports only.
5/ Black Sea shipments only.
6/ Official.
7/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
8/ To July 30, only.

Table 13.- Exports of wheat and wheat flour from the United States, 1936-37 and 1937-38
(Includes flour milled in bond from foreign wheat).

Period	Wheat		Wheat flour		Wheat incl. flour	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July-June	3,168	81,264	3,918	4,997	21,584	104,748
Week ended- 1/	1937	1938	1937	1938	1937	1938
July 9	51	1,432	39	50	234	1,667
16	80	1,114	18	62	165	1,405
23	971	3,329	34	33	1,131	3,484
30	757	2,171	26	47	879	2,392
Aug. 6	758	1,673	45	36	970	1,842
13	1,484	2/ 2,196	40	2/ 72	1,672	2/ 2,534

1/ Data for total exports from the United States by weeks are not available. These data are the total of exports through 16 of the principal ports.
2/ Preliminary.
Compiled from reports of the Department of Commerce.

Table 14.- Shipments of wheat, including flour from principal exporting countries, specified dates, 1936-37 and 1937-38

Period	Argentina		Australia		Danube		North America	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July-June	164,678	66,928	105,836	127,520	65,544	37,320	231,832	184,720
Week ended-	1937	1938	1937	1938	1937	1938	1937	1938
July 9	1,412	2,700	2,052	3,272	808	224	1,440	3,776
16	672	1,508	1,124	1,124	120	264	2,488	2,976
23	164	1,216	1,160	2,100	208	64	3,312	6,104
30	920	1,120	1,348	1,588	240	0	2,800	3,808
Aug. 6	888	1,136	1,812	2,608	472	0	2,512	4,288
13	876	1,029	1,472	2,100	584	312	2,560	4,195

Compiled from Broomhall's Corn Trade News.

Table 15.-Net imports of wheat, including flour, into European countries, year beginning July 1, 1936-37 and 1937-38

Country	1936-37	1937-38 forecast	Net imports reported: July 1 to	1936-37	1937-38
	Mil. bu.	Mil. bu.		Mil. bu.	Mil. bu.
Austria	10	7	June 30	10	7
Belgium	40	37	May 31	36	34
Czechoslovakia	1/ -11	1/ - 1	June 30	1/ -11	1/ - 1
Denmark	7	7	June 30	7	7
Finland	4	3	June 30	4	3
France	7	16	June 30	7	16
Germany	23	47	June 30	23	47
Greece	2[illegible]	16	Apr. 30	18	14
Ireland	14	14	June 30	14	14
Italy	54	5	June 30	54	5
Latvia	1	1	June 30	1	1
Netherlands	21	24	June 30	21	24
Norway	9	7	June 30	9	7
Poland	1/ - 6	0	June 30	1/ - 6	2/
Portugal	3/	1	Apr. 30	3/	3/
Sweden	3/	1/ - 1	June 30	3/	1/ - 1
Switzerland	19	14	June 30	19	14
United Kingdom	199	193	June 30	199	193
Total imports of above	429	392			
Spain	6	3			
Total imports	435	395		422	386
Total exports	17	2		17	2
Total net imports	418	393		405	384

1/ Net exports.
2/ Net exports of less than 500,000 bushels.
3/ Less than 500,000 bushels.

Compiled from official sources except as otherwise stated.

OUTLOOK FOR THE 1939 RYE CROP

BACKGROUND - During the past 10 years rye acreage harvested has remained above the pre-war level, but has been below the high level reached at the close of the War (fig. 9). The increase in rye production during the War period was due largely to an expansion of rye acreage into the sub-humid area of the spring Wheat Belt. Since 1924 yields have been generally below the average for the years 1910-15 and acreage abandonment somewhat larger. In 1933, 1934 and 1936, droughts greatly reduced rye yields, caused heavy abandonment and reduced supplies below domestic disappearance. With more favorable growing seasons in 1935 and 1937 yields and production were much above the 10-year average.

With rye prices 7/ only a little more than half of what they were in 1937 and feed supplies ample, growers will probably reduce their rye acreage from that of this year, when it is estimated that 3,914,000 acres were harvested. For the 5 years, 1928-32, the harvested acreage averaged 3,315,000 acres (fig.9). It is not probable, however, that the acreage next year will decline to this average. An average acreage, with average (1913-37) yields of 12.0 bushels would produce a crop of about 40 million bushels, which would take care of domestic needs. With average yields on an acreage larger than average, the excess of supply over disappearance would be increased, unless prices and supplies of rye relative to other feed grains induced increased feeding. While average yields have been used in these computations, it is well to recognize variations in yields which are very important in determining production (fig.9).

Table 16 shows the supply and distribution of rye during the past 3 years 8/. Disappearance in 1937-38 was apparently about 42 million bushels. This is probably somewhat larger than may be expected in 1939-40 unless feed grain supplies are small, as in late 1936 and before corn was harvested in 1937. Domestic disappearance appears to be consisting of about 8 million bushels for seed, 7 to 10 million bushels for distilling, 8 to 10 million bushels for flour and 10 to 20 million bushels for feed.

Rye supplies in 1938-39, estimated at 62,300,000 bushels are 10 million bushels or more in excess of usual domestic disappearance. These supplies may result in a large carry-over at the beginning of the 1939 crop year because export prospects are less favorable and there are ample supplies of feed grains on hand. Net exports of rye from the United States in 1937-38 totaled about 4 million bushels. These largely replaced exports from Poland, which country had a very small crop in 1937.

7/ Statement on rye prices in "The Wheat Situation," July 23, 1938, page 20, last sentence, referred to No. 2 Rye at Minneapolis.
8/ Estimated farm stocks available only for 3 years.

Present prospects are for a European rye crop of around 905 million bushels, according to the Berlin office of the Bureau of Agricultural Economics. This would indicate an increase of about 10 percent compared with last year, and would provide significant quantities available for export, especially in Poland and the Danube Basin. (Table 17 shows the relative importance of the various exporting countries.) Poland has the best combined wheat and rye prospects since the record crops of 1933. On the basis of present prospects the rye crop is estimated to be around 260 million bushels compared with 222 million in 1937. In Germany, although acreage is about 6 percent below average, a yield of about 303 million bushels is in prospect. This is the largest crop since 1933. The yield in Czechoslovakia, estimated at 65 million bushels, is well above that of the past 2 years. Heavy rains recently are reported to have caused considerable lodging. This, together with a reported shortage of farm labor, may cause harvesting difficulties.

Table 16.- Rye: Supply and distribution, United States, 1935-38

Item	1935-36	1936-37	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Stocks July 1 1/	11,283	22,299	5,886	9,800
Production	58,597	23,319	49,449	2/ 52,500
Net imports	2,257	3,694	---	---
Total supply	72,137	49,312	55,335	62,300
Net exports	---	---	3,943	
Stocks June 30 1/	22,299	5,886	9,800	
Apparent disappearance	49,838	43,426	41,592	

1/ Includes stocks on farms as of June 1 (available only beginning with 1935 and only for June 1) plus commercial stocks as of July 1.
2/ Preliminary.

RYE: ACREAGE, YIELD PER ACRE, PRODUCTION, NET EXPORTS OR IMPORTS, AND PRICE RECEIVED BY FARMERS, UNITED STATES, 1900-1938

Figure 9

During the past 10 years rye acreage has remained above the pre-war level, but has been below the high level reached at the close of the war. Since 1924 yields have been generally below the average for the years 1910-15 and acreage abandonment somewhat larger. In 1933, 1934, and 1936 droughts greatly reduced rye yields, caused heavy abandonment and reduced supplies below domestic requirements. With more favorable growing seasons in 1935, 1937 and 1938, yields and production were much above the 10-year average.

Rye: Acreage, yield per acre, production, net exports or imports, and price received by farmers, United States, 1900-38

Year beginning July	Acreage harvested	Yield per acre	Production	Net exports 1/	Price received by farmers 2/
	1,000 acres	Bushels	1,000 bushels	1,000 bushels	Cents per bu.
1900	2,127	12.9	27,413	2,345	51.2
1901	2,409	12.8	30,773	2,712	55.7
1902	2,444	13.9	33,862	5,444	50.8
1903	2,260	12.8	28,932	751	54.5
1904	2,205	12.9	28,461	9	68.8
1905	2,297	13.6	31,173	1,387	61.1
1906	2,154	13.7	29,609	769	58.9
1907	2,073	13.6	28,247	2,443	73.1
1908	2,130	13.5	28,650	1,295	2/ 74.5
1909	2,212	13.6	30,083	212	74.6
1910	2,262	12.9	29,098	3/ -187	73.4
1911	2,452	12.8	31,396	3/ -103	81.0
1912	2,724	13.9	37,911	1,854	68.7
1913	3,089	13.1	40,390	2,236	62.9
1914	3,144	13.4	42,120	12,880	83.3
1915	3,417	13.7	46,752	14,684	85.0
1916	3,528	12.2	43,089	13,275	113.0
1917	5,059	11.9	60,321	16,352	176.4
1918	6,694	12.5	83,421	35,829	152.1
1919	7,168	11.0	78,659	40,454	145.9
1920	4,825	12.8	61,915	46,885	146.4
1921	4,851	12.6	61,023	29,244	84.0
1922	6,757	14.9	100,986	51,564	63.9
1923	4,936	11.3	55,961	19,900	59.3
1924	3,941	14.8	58,445	50,241	95.2
1925	3,800	11.1	42,316	12,646	79.1
1926	3,419	10.2	34,860	21,697	83.0
1927	3,458	14.8	51,076	26,345	83.5
1928	3,310	11.5	37,910	9,487	83.6
1929	3,130	11.3	35,282	2,599	85.7
1930	3,621	12.4	45,068	139	44.5
1931	3,162	10.6	33,378	908	34.1
1932	3,351	11.8	39,424	304	28.1
1933	2,418	8.9	21,418	3/-11,994	62.7
1934	2,035	8.4	17,070	3/-11,249	71.8
1935	4,141	14.2	58,597	3/- 2,257	39.5
1936	2,774	9.1	25,319	3/- 3,694	80.5
1937	3,839	12.9	49,449	3,943	
1938 4/	3,914	13.4	52,500		

1/ From reports of Foreign and Domestic Commerce of the United States. Includes flour. 2/ December 1 farm price, 1900-1907. 3/ Net imports. 4/ Preliminary.

Table 17.- International trade in rye, including flour, by important countries, average 1925-26 to 1929-30, 1930-31 to 1934-35, annual 1935-36, 1936-37 and July - December 1937

Country	Year beginning July									
	Av. 1925-26 to 1929-30		Av. 1930-31 to 1934-35		1935-36		1936-37		1937 (July-Dec.)	
	Net exports		Net exports		Net exports		Net exports		Net exports	
	Net imports		Net imports		Net imports		Net imports		Net imports	
	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.
Principal exporting countries										
United States	14.6		4.4		2.3		3.7		4.0	
Soviet Russia	7.4		17.8		2.8		4.2		6.9	
Hungary	6.6		3.4		0.3		4.9		1.0	
Canada	6.2		3.5		2.0		4.1		0.5	
Argentina	4.5		6.1		4.2		6.3		0.1	
Poland	4.1		16.4		18.4		15.6		0.2	
Germany	1.7			3.5		0.0		3.9		3.5
Principal importing countries										
Denmark		7.7		9.8		6.9		6.9		2.6
Norway		7.0		5.4		5.9		5.5		2.2
Finland		6.2		2.2		2.9		2.6		0.8
Austria		4.5		2.4		1.8		6.5		4.5
Netherlands		4.0		7.4		3.0	1.1		0.4	
Czechoslovakia		3.7		1.3		0.1	0.1			2.2
Latvia		3.2	0.6		3.6		0.7		0.0	
Sweden		2.5		0.1	1.6			0.3		0.0
Estonia		2.2	0.1		0.2			0.3		0.5
Belgium		1.6		5.3		5.7		2.8		1.5

Table 18.- Rye: Production in specified countries, 1935-38

Country	1935	1936	1937	1938
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
United States	58,597	25,319	49,449	52,500
Canada 1/	7,795	3,042	4,579	9,516
Total (2)	66,392	28,361	54,028	62,016
Bulgaria	7,767	8,188	9,387	8,822
Czechoslovakia	64,501	56,548	58,446	2/ 65,000
Germany	294,399	290,793	272,296	2/303,100
Hungary	28,650	28,114	24,325	31,503
Latvia 1/	14,180	11,145	15,668	14,369
Luxemburg	452	449	392	402
Netherlands	18,311	18,736	18,928	20,668
Poland	260,498	250,536	221,949	2/259,800
Switzerland	1,295	1,077	1,296	1,303
Yugoslavia	7,719	8,002	8,239	9,055
Total (10)	697,772	673,588	630,926	714,022

1/ Winter wheat, only.
2/ Estimate of the Berlin office of the Bureau of Agricultural Economics.

THE FLAXSEED SITUATION

BACKGROUND.- Prior to 1908 the United States production of flaxseed was generally in excess of domestic requirements, but since that time we have shifted from an export to an import basis. From 1910 to 1920, domestic flaxseed supplied more than one-half of our domestic requirements; from 1920 to 1929 between one-fourth and one-half. Production since 1928 has been greatly reduced as a result of low yields and reduced acreage. Domestic demand for flaxseed was at a low level during 1931 and 1932, but in the past few years it has improved materially. Prices of flaxseed have improved substantially from the low level reached in 1932, and in the past 2 years have been at the highest level since 1929-30.

Supplies of Flaxseed

Foreign supplies.- The world production of flaxseed in 1937-38 is now estimated at around 135 million bushels, or about 12 million bushels under the estimated harvest of 1936-37. Most of the decrease this year is due to a reduction in the size of the Argentine crop which was harvested early in 1938. This crop was only about 61 million bushels as compared with 76 million in 1936-37. Since Argentina furnishes by far the largest percentage of the commercial world supplies of flaxseed, the world level of flaxseed prices is dependent largely on supplies in the Argentine, together with the general world demand situation. Little information is yet available on the prospects for the 1938-39 Argentine crop to be harvested late this year and early in 1939, but such information as is available indicates that a somewhat larger crop is in prospect than was harvested during the past year. Weather conditions have been favorable for seeding and early growth of the crop, and some increase in acreage appears probable. Production in 1938-39 in other countries so far reported is above that of 1937-38, and it now appears probable that total world flaxseed production this coming year may be somewhat larger than in 1937-38.

Domestic supplies.- On the basis of August 1 indications, the 1938 United States flaxseed crop will be about 8,185,000 bushels compared with 6,974,000 bushels last year. The carry-over on July 1 has been estimated at 2,199,000 bushels, making a total domestic supply of about 10,400,000 bushels, which, with the exception of 1935-36, is the largest supply since 1932-33. The indicated yield for 1938 is 8.2 bushels per acre, which compares with 7.5 last year and 6.0 bushels per acre for the period 1927-36. While the 1938 indicated crop is generally larger than in any of the past few years except 1935, it is much less than one-half of the production during the years 1924 to 1928.

Although domestic requirements of flaxseed may be somewhat less during the 1938-39 marketing year than in the past 2 years, they are expected to be considerably larger than domestic supplies, and the total utilization of flaxseed may be again made up of more than one-half foreign flaxseed. In the marketing year 1936-37, domestic production was only large enough to supply

about one-sixth of our requirements, and in 1937-38 about one-fourth of our requirements. Since the beginning of 1938, imports of flaxseed have been much smaller than during the greater part of 1937. During the period April through June, imports totaled 2,663,000 bushels compared with 8,604,000 bushels in the same period of 1937. Total imports for the crop year 1937-38, beginning July 1, amounted to 17,860,000 bushels compared with 26,096,000 bushels in 1936-37.

Demand for Flaxseed

The demand for flaxseed products was unusually favorable during the greater part of 1936-37 as a result of the increased volume of building activity and a shortage of high protein feeds as a result of the drought. Since late in 1937, demand has fallen off materially and the rate of flaxseed crushing has made a comparable decline. In the past 2 or 3 months some upturn in total consumption of linseed oil has occurred, and some further improvement is anticipated for the next few months, in view of recent improvement in the outlook for private building, together with the Government's steps to increase residential building. According to reports of the National Lumber Manufacturers' Association, orders of new lumber by mills during the week ended July 16 reached the highest point since April 1937.

The total value of building permits in 215 cities for the first half of 1938 amounted to about $528,000,000 compared with $586,000,000 in the first 6 months of 1937 and $464,000,000 in the same period of 1936. The Federal Reserve Board index of the total value of building contracts awarded declined from a high level of 67 percent of the 1923-25 average in July 1937 to 46 percent of this same average for March 1938. Since March this index has increased, and the average figure for June was 54 percent.

Prices of Flaxseed

Prices of both domestic and foreign flaxseed have declined considerably during the past year. The price of No. 1 flaxseed at Minneapolis has dropped about 35 cents per bushel since the first of the year, and for the week ended July 30 averaged $1.80. At Buenos Aires the price has declined somewhat less than in this country so far this year, and the margin has become narrower. During most of February the margin between prices at Minneapolis and at Buenos Aires was about 80 cents per bushel, whereas this margin for the week ended July 30 was only about 61 cents per bushel, or 4 cents below the import duty of 65 cents per bushel on flaxseed. The weakness in flaxseed prices during the first half of this year has apparently been due largely to the less favorable demand situation, both domestic and foreign.

Although flaxseed prices have been relatively high as compared with wheat prices, the total returns from flaxseed have been low in a number of the years since 1930, as a result of low yields. On the basis of present yield figures and prices of flaxseed and wheat, however, it appears that farmers will receive considerably larger returns this year per acre of flaxseed than per acre of wheat. While flaxseed prices during the next few months will probably be slightly below the general level of prices a year ago, they are expected to continue well above prices during the years 1930-35.

UNIVERSITY OF FLORIDA
3 1262 08861 8334